

This English translation of the financial report was prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this report is derived from our unaudited consolidated financial statements appearing in item 2 of this report.

**SoftBank Group Corp.**  
**Consolidated Financial Report**  
**For the Nine-Month Period Ended December 31, 2023 (IFRS)**

Tokyo, February 8, 2024

**1. Financial Highlights**

(Millions of yen; amounts are rounded to the nearest million yen)

**(1) Results of Operations**

(Percentages are shown as year-on-year changes)

	Net sales		Income before income tax		Net income		Net income attributable to owners of the parent		Total comprehensive income	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Nine-month period ended December 31, 2023</b>	<b>¥5,001,901</b>	<b>2.6</b>	<b>¥264,075</b>	<b>-</b>	<b>¥(119,678)</b>	<b>-</b>	<b>¥(458,723)</b>	<b>-</b>	<b>¥751,825</b>	<b>83.1</b>
Nine-month period ended December 31, 2022	¥4,875,773	6.4	¥(290,037)	-	¥(758,240)	-	¥(912,513)	-	¥410,565	(74.2)

	Basic earnings per share (Yen)	Diluted earnings per share (Yen)
<b>Nine-month period ended December 31, 2023</b>	<b>¥(325.46)</b>	<b>¥(328.78)</b>
Nine-month period ended December 31, 2022	¥(599.97)	¥(608.51)

**(2) Financial Position**

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets (%)
<b>As of December 31, 2023</b>	<b>¥44,983,750</b>	<b>¥11,712,610</b>	<b>¥9,774,982</b>	<b>21.7</b>
As of March 31, 2023	¥43,936,368	¥10,649,215	¥9,029,849	20.6

**2. Dividends**

	Dividends per share				
	First quarter	Second quarter	Third quarter	Fourth quarter	Total
	(Yen)	(Yen)	(Yen)	(Yen)	(Yen)
Fiscal year ended March 31, 2023	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2024	-	22.00	-		
Fiscal year ending March 31, 2024 (Forecasted)				22.00	44.00

Note:

\* Revision of the latest forecasts on the dividends: No

**\* Notes**

(1) Significant changes in scope of consolidation (changes in scope of consolidation of specified subsidiaries): No

Newly consolidated: None

Excluded from consolidation: None

Note:

\* Foreign subsidiaries prepare stand-alone financial statements only under circumstances where it is necessary under their local laws and practices. Applicability of Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (i) to (iii), is determined by using the financial statements.

On the other hand, for foreign subsidiaries that do not prepare stand-alone financial statements, information on the capital and net assets for those companies is not available. Therefore, Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (i) is used to determine whether the companies are the specified subsidiaries.

The applicability of Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (i) is determined based on the percentage of total amount of purchase from SoftBank Group Corp. and dividend paid to SoftBank Group Corp. to total amount of operating revenue of SoftBank Group Corp.

For fund-type subsidiaries, the amount of net assets based on financial statements prepared in accordance with the corresponding laws and practices is used to determine the applicability of Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Article 19, Paragraph (10), Item (ii).

(2) Changes in accounting policies and accounting estimates

[1] Changes in accounting policies required by IFRSs: No

[2] Changes in accounting policies other than those in [1]: No

[3] Changes in accounting estimates: No

(3) Number of shares issued (common stock)

[1] Number of shares issued (including treasury stock):

As of December 31, 2023: 1,469,995,230 shares

As of March 31, 2023: 1,469,995,230 shares

[2] Number of shares of treasury stock:

As of December 31, 2023: 4,199,717 shares

As of March 31, 2023: 6,947,599 shares

[3] Number of average shares outstanding during the nine-month period (April-December):

As of December 31, 2023: 1,464,664,871 shares

As of December 31, 2022: 1,568,603,134 shares

**\* This condensed interim consolidated financial report is not subject to interim review procedures by certified public accountants or an audit firm.**

**\* Note to forecasts on the consolidated results of operations and other items**

Descriptions regarding the future are estimated based on the information that the Company is able to obtain at the present point in time and assumptions which are deemed to be reasonable. However, actual results may be different due to various factors.

On February 8, 2024 (JST), the Company will hold an earnings results briefing for the media, institutional investors, and financial institutions. This earnings results briefing will be broadcasted live on the Company's website in both Japanese and English at <https://group.softbank/en/ir>. The data sheet will also be posted on the website in a few days at the same site.

(Appendix)

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### Disclaimer

This material does not constitute an offer to sell, or a solicitation of an offer to buy, limited partnership interests or comparable limited liability equity interests in any funds (including SoftBank Vision Fund 1, SoftBank Vision Fund 2, and SoftBank Latin America Funds) managed by any of the subsidiaries of SoftBank Group Corp. (“SBG”), including SB Global Advisers Limited, SB Investment Advisers (UK) Limited, or their respective affiliates, or any securities in any jurisdiction, nor should it be relied upon as such in any way.

### Notice Regarding PFIC Status

It is possible that SBG (and certain subsidiaries of SBG) may be a “passive foreign investment company” (“PFIC”) under the U.S. Internal Revenue Code of 1986, as amended, for its current fiscal year due to the composition of its assets and the nature of its income. We recommend that U.S. holders of SBG’s shares consult their tax advisors with respect to the U.S. federal income tax consequences to them if SBG and its subsidiaries are classified as PFICs. SBG is not responsible for any tax treatments or consequences thereof with respect to U.S. holders of SBG’s shares.

## Definition of Company Names and Abbreviations Used in This Appendix

Company names and abbreviations used in this appendix, unless otherwise stated or interpreted differently in the context, are as follows:

Company names/Abbreviations	Definition
SoftBank Group Corp. or SBG	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
<i>*Each of the following names or abbreviations indicates the respective company and its subsidiaries, if any.</i>	
SB Northstar or asset management subsidiaries	SB Northstar LP
SoftBank Vision Fund 1 or SVF1	SoftBank Vision Fund L.P. and its alternative investment vehicles
SoftBank Vision Fund 2 or SVF2	SoftBank Vision Fund II-2 L.P.
SoftBank Latin America Funds or LatAm Funds	SBLA Latin America Fund LLC
SoftBank Vision Funds or SVF	SVF1, SVF2, and LatAm Funds
SBIA	SB Investment Advisers (UK) Limited
SBGA	SB Global Advisers Limited
Arm	Arm Holdings plc or Arm Limited* <sup>1</sup>
Sprint	Sprint Corporation
T-Mobile	T-Mobile US, Inc. after merging with Sprint
Alibaba	Alibaba Group Holding Limited
MgmtCo	MASA USA LLC
The first quarter	Three-month period ended June 30, 2023
The second quarter	Three-month period ended September 30, 2023
The third quarter	Three-month period ended December 31, 2023
The period	Nine-month period ended December 31, 2023
The third quarter-end	December 31, 2023
The fiscal year	Fiscal year ending March 31, 2024
The previous fiscal year	Fiscal year ended March 31, 2023
The previous fiscal year-end	March 31, 2023

Note:

1. A corporate reorganization was undertaken in August 2023, pursuant to which Arm Holdings Limited, a former subsidiary of Arm Limited, acquired all the issued ordinary shares of Arm Limited, thereby making it a wholly owned subsidiary. Subsequently, Arm Holdings Limited changed its name to Arm Holdings plc and was listed on the Nasdaq Global Select Market through an initial public offering on September 14, 2023.

## Exchange Rates Used for Translations

USD/JPY	Fiscal year ended March 31, 2023				Fiscal year ending March 31, 2024		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Average rate for the quarter	¥129.04	¥138.68	¥141.16	¥133.26	¥138.11	¥145.44	¥147.00
Rate at the end of the period				¥133.53			¥141.83

## 1. Results of Operations

### (1) Overview of Results of Operations

#### 1. Listing of Arm on the Nasdaq Global Select Market

- Arm was listed on the Nasdaq Global Select Market on September 14, 2023. In the IPO, a wholly owned subsidiary of the Company disposed of 102,500,000 American depositary shares (“ADSs”), representing 10% of Arm’s outstanding ordinary shares,<sup>\*1</sup> and received proceeds of \$5.12 billion.
- No gain on the disposal is recorded in the consolidated statement of profit or loss as Arm continues to be a subsidiary of the Company after the disposal. However, in the consolidated statement of financial position, ¥674.4 billion (\$4.65 billion), which represents the gain on disposal, was recorded as capital surplus.

#### 2. Acquisition of T-Mobile 48.8 million shares for no additional consideration upon satisfaction of contingent consideration condition

The Company acquired 48.8 million shares of T-Mobile stock equivalent to \$7.74 billion (¥1.1 trillion) for no additional consideration on December 28, 2023, following the satisfaction of the contingent consideration condition on December 22, 2023. This was part of the consideration the Company received for the merger between T-Mobile US and the Company’s then-U.S. subsidiary Sprint, which closed on April 1, 2020.

### 3. Results highlights

#### ◆ ¥538.9 billion investment loss (¥1,361.2 billion loss for the same period of the previous fiscal year)

- ¥583.4 billion investment loss at Investment Business of Holding Companies
    - Derivative gain of ¥225.4 billion on investments, while realized and unrealized valuation losses on Alibaba shares totaled ¥943.0 billion
- Note: The ¥943.0 billion realized and unrealized valuation losses on Alibaba shares were offset by a derivative gain of ¥1,204.7 billion, which arose from prepaid forward contracts using Alibaba shares and is recorded separately as “derivative gain (excluding gain or loss on investments).”

- ¥52.0 billion investment loss at SoftBank Vision Funds (excluding gains associated with SVF’s investments in the Company’s subsidiaries)

Note: The SoftBank Vision Funds segment recorded ¥781.9 billion gain on investments. This included gains associated with SVF’s investments in Arm and other subsidiaries of the Company.

- An investment gain of ¥531.3 billion was recorded for the third quarter, driven by higher share prices of public portfolio companies<sup>\*2</sup> and an increase in the fair value of ByteDance due to its strong performance. However, the period nevertheless saw an investment loss of ¥52.0 billion, primarily resulting from markdowns of weaker-performing private portfolio companies.<sup>\*2</sup>

#### ◆ ¥264.1 billion gain before income tax (improvement of ¥554.1 billion YoY)

*reflecting the recordings of:*

- Finance cost of ¥426.8 billion
- Foreign exchange loss of ¥308.2 billion due to the impact of the weaker yen. This was a result of net excess of U.S. dollar-denominated liabilities (net) mainly at SBG over its U.S. dollar-denominated cash and cash equivalents and loans receivable
- Derivative gain (excluding gain or loss on investments) of ¥1,180.3 billion, arising from a gain relating to prepaid forward contracts using Alibaba shares following a fall in Alibaba’s share price, which offset the previously mentioned realized and unrealized valuation losses on these shares

#### ◆ ¥458.7 billion net loss attributable to owners of the parent (improvement of ¥453.8 billion YoY)

*reflecting the recordings of:*

- Income tax of ¥383.8 billion
- Net income attributable to non-controlling interests of ¥339.0 billion

### 4. Balancing defense and offense

#### ◆ LTV<sup>\*3</sup> remained nearly unchanged from the previous fiscal year-end as a result of ongoing monetization initiatives

- Raised \$4.39 billion through prepaid forward contracts using Alibaba shares
- Received proceeds of \$5.12 billion through the disposal of 10% of Arm’s outstanding shares in its IPO
- Received proceeds totaling \$3.93 billion from sales of investments by SVF<sup>\*4</sup>

#### ◆ Expanded investments

- \$1.45 billion for acquisition of investments by SVF<sup>\*4</sup>
- ¥309.2 billion primarily for strategic investments by SBG and its wholly owned subsidiaries<sup>\*5</sup>

## 5. SVF

Gross performance since inception was \$16.7 billion in gain for SVF1 and \$19.0 billion in loss for SVF2.<sup>\*6</sup>

## 6. Completed replacement of USD-denominated NC6 undated hybrid notes

In April 2023, the Company issued domestic hybrid bonds totaling ¥222.0 billion. This was followed by a hybrid loan<sup>\*7</sup> of ¥53.1 billion incepted in May 2023. With these funds, the Company completed the replacement of USD-denominated NC6 undated hybrid notes (\$2.0 billion), which had their first voluntary call date in July 2023. Additionally, in September 2023, the Company replaced domestic hybrid bonds (¥15.4 billion), coinciding with their first voluntary call date in the same month.

## 7. Completion of the intragroup reorganization involving Z Holdings and its core wholly owned subsidiaries, primarily LINE and Yahoo Japan

As of October 1, 2023, Z Holdings successfully completed the scheduled intragroup reorganization procedures, including a merger primarily among the company and its core wholly owned subsidiaries, LINE and Yahoo Japan, and changed its trade name to LY Corporation. The revised organizational structure, with a further emphasis on products, is expected to accelerate synergy expansion through business integration.

Notes:

1. The calculation is based on the 1,025,234,000 company shares issued and outstanding on September 30, 2023.
2. Public portfolio companies are shares traded on stock exchanges or over-the-counter markets. Private portfolio companies are those that do not fall under the category of public portfolio companies. The same applies hereinafter.
3. Loan-to-Value (LTV) refers to the ratio of liabilities to holding assets, calculated by dividing the adjusted net interest-bearing debt by the equity value of holdings. Both the equity value of holdings and adjusted net interest-bearing debt exclude amounts to be settled at maturity or borrowings associated with asset-backed finance. In computing the adjusted net interest-bearing debt, the calculation omits interest-bearing debt and cash and cash equivalents, etc., attributable to entities managed on a self-financing basis, such as SoftBank Corp. (including its subsidiaries such as LY Corporation and PayPay Corporation), SVF1, SVF2, LatAm Funds, and Arm. In addition, interest-bearing debt and cash and cash equivalents, etc. attributable to SB Northstar are excluded, with the exception of certain portions of interest-bearing debt, cash and cash equivalents, and bond investments.
4. The amounts recorded in the condensed interim consolidated statement of cash flows
5. The amount comprises the investment outlay by SBG and its primary wholly owned subsidiaries (excluding investments in U.S. Treasury Bonds), as accounted for under “Acquisition of investments” in the condensed interim consolidated statements of cash flows, combined with the amount paid to third-party shareholders in connection with the subsidiary acquisitions of Berkshire Grey, Inc. in July 2023 and Balyo SA in October 2023, net of cash and cash equivalents held by these companies.
6. Gross amounts before deductions, such as third-party interests and taxes
7. The hybrid loan is eligible for 50% equity treatment for the drawn down amount by Japan Credit Rating Agency, Ltd. and S&P Global Ratings Japan Inc.

## INTRAGROUP TRANSACTION OF ARM SHARES AND IPO OF ARM

### 1. Intragroup transaction of Arm shares

#### (1) Transaction overview

Prior to Arm’s initial public offering (the “IPO”), in August 2023, a wholly owned subsidiary of the Company acquired substantially all of the ordinary shares of Arm held by SVF1 (equivalent to 24.99% of Arm’s outstanding shares)<sup>\*8</sup> (the “Transaction”) for \$16.1 billion (the “Transaction Consideration”). The Transaction Consideration was established by reference to the terms of a prior contractual arrangement between the parties. The Transaction Consideration is being paid in four installments, with the first installment of \$4.1 billion paid upon completion of the Transaction in August 2023, and the remaining three installments to be paid over the course of two years up to August 2025. SVF1 used the entire \$4.1 billion received from the first installment to repay its borrowings. The proceeds from the second and subsequent installments will be used primarily to make payments to limited partners, including the Company, in accordance with the allocation method specified in the Limited Partnership Agreement.

## Timing and amount of installments of the Transaction Consideration

	1st	2nd	3rd	4th
Timing	August 2023	August 2024	February 2025	August 2025
Amount	\$4.1 billion	\$4.1 billion	\$4.1 billion	\$3.8 billion

In addition to the Transaction, an agreement was also reached to acquire interests in Arm Technology (China) Co., Ltd. (“Arm China”) and Treasure Data, Inc. (“Treasure Data”), both of which were previously spun out from Arm. The total consideration for the intragroup transaction, including the acquisition of interests in these two companies, was \$16.4 billion.

Note:

8. Following the completion of Arm’s pre-IPO corporate reorganization, SVF1 continued to hold one ordinary share of Arm Holdings plc, which wholly owns Arm Limited.

## (2) Primary impact on consolidated financial statements

Given the discounted present value of the Transaction Consideration of \$15.1 billion as of August 2023, SVF1 recorded an investment gain of \$6.9 billion, derived by subtracting the investment cost of \$8.2 billion from \$15.1 billion. Additionally, SVF1 will recognize the difference between \$16.1 billion and \$15.1 billion as investment gains over the course of two years up to August 2025. These investment gains were and will be eliminated in consolidation, as this was an intragroup transaction of subsidiary shares.

In the SoftBank Vision Funds segment, a realized gain of ¥1,050,961 million (\$7.2 billion), an unrealized loss of ¥189,817 million (\$1.8 billion) (reclassified to realized gain recorded in the past fiscal years), and a loss of ¥76,902 million as the effect of foreign exchange translation were recorded under gain on investments at SoftBank Vision Funds for the period.

Income for the SoftBank Vision Funds segment is represented by the net amount, which is calculated by deducting the gains attributable to third-party investors from the total investment gains. The gains attributable to third-party investors are also reflected in the condensed interim consolidated statement of profit or loss, recorded as an increase in third-party interests in SVF.

## Difference between segment information and the condensed interim consolidated statement of profit or loss

	SoftBank Vision Funds segment	Reconciliations	Condensed interim consolidated statement of profit or loss (Millions of yen)
Gain/loss on investments at SoftBank Vision Funds	781,868	(833,862)	(51,994)
Gain on investments in subsidiaries, etc.	833,862	(833,862)	-
Including gain on investments in Arm shares	784,242	(784,242)	-
Loss on investments other than in subsidiaries, etc.	(51,994)	-	(51,994)
Change in third-party interests in SVF	(378,397)	-	(378,397)

**2. IPO of Arm**

## (1) Transaction overview

Arm was listed on the Nasdaq Global Select Market on September 14, 2023, under the ticker symbol “ARM.” In the IPO, a wholly owned subsidiary of the Company disposed of 102,500,000 ADSs, representing 10% of Arm’s outstanding ordinary shares, at a price to the public of \$51.00 per ADS.

(2) Primary impact on consolidated financial statements

The Company did not recognize a gain on disposal in its condensed interim consolidated statement of profit or loss as Arm remains a subsidiary of the Company after the disposal. However, ¥674,370 million (\$4.65 billion), representing the gains on disposal, was recorded as capital surplus in the condensed interim consolidated statement of financial position. In the condensed interim consolidated statement of cash flows, ¥745,082 million (\$5.12 billion) was recorded as proceeds from the partial sales of shares of subsidiaries to non-controlling interests, under cash flows from financing activities.

**ACQUISITION OF 48.8 MILLION T-MOBILE SHARES FOR NO ADDITIONAL CONSIDERATION UPON SATISFACTION OF CONTINGENT CONSIDERATION CONDITION**

(1) Transaction overview

The Company received the right (the “Contingent Consideration”) to acquire 48,751,557 shares of T-Mobile stock (the “Shares”) for no additional consideration, contingent upon the satisfaction of a certain condition, as part of the consideration pursuant to the Letter Agreement, dated as of February 20, 2020, by and among T-Mobile US, Inc., SBG, and Deutsche Telekom AG (“Deutsche Telekom”) in connection with the merger between T-Mobile US, Inc. and the Company’s then-U.S. subsidiary Sprint, which closed on April 1, 2020 (the “Merger”). Following the satisfaction of the condition of the Contingent Consideration on December 22, 2023, the Company acquired the Shares (equivalent to \$7,744 million or ¥1,098,435 million) for no additional consideration on December 28, 2023.

(2) Primary impact on consolidated financial statements

Upon the closing of the Merger on April 1, 2020, the Company recorded the fair value of the Contingent Consideration of \$1,825 million (¥196,313 million) as part of the gain on sale of Sprint in the consolidated statement of profit or loss and as derivative financial assets in the consolidated statement of financial position. Subsequently, changes in its fair value have been recorded under gains and losses on investments at Investment Business of Holding Companies as derivative gains and losses on investments in the consolidated statement of profit or loss.

On December 28, 2023, the acquisition date of the Shares, the Company derecognized the abovementioned derivative financial assets (fair value as of that date: \$7,744 million (¥1,098,435 million)) and recorded the acquired Shares as investment securities at the same amount in the consolidated statement of financial position. In the condensed interim consolidated statement of profit or loss for the period, the Company recorded a derivative gain on investments of ¥227,012 million as part of investment gains at Investment Business of Holding Companies. In addition, also as part of investment gains at Investment Business of Holding Companies, the Company recorded an unrealized gain of ¥115,184 million on valuation of T-Mobile shares, including pre-existing holdings. Of this gain, ¥10,606 million is attributed to the Shares received on December 28, 2023.

**WEWORK’S FILING FOR PROTECTION UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE**

On November 6, 2023, WeWork Inc. (“WeWork”), a portfolio company of SVF, filed for protection under Chapter 11 of the United States Bankruptcy Code. The following table elucidates the gains and losses associated with the investment and financial support provided to WeWork, as recognized in the condensed interim consolidated statement of profit or loss for the period.

As of the third quarter-end, the carrying amounts of the stocks and warrants held by SVF1 and SVF2 and the notes held by SVF2 have been written down to zero yen. The amount of credit support by SVF2 for a letter of credit



facility provided by financial institutions to WeWork has been fully accrued by the second quarter-end as an allowance for financial guarantee contract losses and the guarantee was fulfilled during the third quarter. On November 6, 2023, WeWork entered into a Restructuring Support Agreement with its major debt investors for the restructuring of the company.

(Millions of yen)		
Condensed interim consolidated statement of profit or loss		
	Account	Amount recorded for the period
WeWork stocks and warrants held by SVF1 and SVF2	Loss on investments at SoftBank Vision Funds	(115,796)
	Loss on equity method investments/Other loss	(5,082)
WeWork convertible bonds with a face value of \$0.46 billion held by SVF2	Loss on investments at SoftBank Vision Funds	(25,924)
WeWork unsecured notes with a face value of \$1.65 billion, previously held by SBG/SVF2 (exchanged for the stocks and convertible bonds in Q1)	Other loss (as loss on unsecured notes derecognized)	(21,579)
WeWork senior secured notes with a face value of \$0.30 billion, previously held by SVF2 (redeemed in Q1)	Gain on investments at SoftBank Vision Funds	439
	Other gain	16
WeWork notes with a face value of \$0.30 billion held by SVF2 (acquired in Q2; a loan commitment for notes purchase at end of Q1)	Loss on investments at SoftBank Vision Funds	(41,810)
Credit support by SVF2 for a letter of credit facility up to \$1.43 billion provided to WeWork by financial institutions (the guarantee was fulfilled in Q3)	Other loss (as loss relating to credit support for WeWork)	(42,072)
	Total	(251,808)

**a. Consolidated Results of Operations**

(Millions of yen)

	Nine months ended December 31		Change	Change %	
	2022	2023			
Net sales	4,875,773	<b>5,001,901</b>	126,128	2.6%	<b>A</b>
Gross profit	2,579,123	<b>2,665,181</b>	86,058	3.3%	
Gain on investments					
Gain (loss) on investments at Investment Business of Holding Companies	3,699,600	<b>(583,428)</b>	(4,283,028)	-	<b>B</b>
Loss on investments at SoftBank Vision Funds	(5,006,755)	<b>(51,994)</b>	4,954,761	-	<b>C</b>
Gain (loss) on other investments	(54,011)	<b>96,473</b>	150,484	-	<b>D</b>
Total gain on investments	(1,361,166)	<b>(538,949)</b>	822,217	-	
Selling, general and administrative expenses	(1,921,115)	<b>(2,123,591)</b>	(202,476)	10.5%	
Finance cost	(433,508)	<b>(426,796)</b>	6,712	(1.5%)	<b>E</b>
Foreign exchange loss	(727,984)	<b>(308,202)</b>	419,782	-	<b>F</b>
Loss on equity method investments	(70,611)	<b>(37,111)</b>	33,500	-	<b>G</b>
Derivative gain (excluding gain (loss) on investments)	619,587	<b>1,180,266</b>	560,679	90.5%	<b>H</b>
Change in third-party interests in SVF	1,145,779	<b>(378,397)</b>	(1,524,176)	-	
Other gain (loss)	(120,142)	<b>231,674</b>	351,816	-	<b>I</b>
Income before income tax	(290,037)	<b>264,075</b>	554,112	-	
Income taxes	(468,203)	<b>(383,753)</b>	84,450	(18.0%)	<b>J</b>
Net income	(758,240)	<b>(119,678)</b>	638,562	-	
Net income attributable to owners of the parent	(912,513)	<b>(458,723)</b>	453,790	-	
Total comprehensive income	410,565	<b>751,825</b>	341,260	83.1%	
Comprehensive income attributable to owners of the parent	260,031	<b>418,134</b>	158,103	60.8%	

The following is an overview of the primary and noteworthy components.

**A Net Sales**

Net sales increased in the SoftBank segment and the Arm segment. For details, see “(c) SoftBank Segment” and “(d) Arm Segment” under “b. Results by Segment.”

**B Loss on Investments at Investment Business of Holding Companies**

Investment loss of ¥583,428 million was recorded at Investment Business of Holding Companies. This primarily reflected realized and unrealized valuation losses on Alibaba shares, which amounted to ¥943,030 million. Conversely, a derivative gain of ¥225,392 million was recognized, primarily driven by an increase in the fair value of the T-Mobile Contingent Consideration. For details, see “(a) Investment Business of Holding Companies Segment” under “b. Results by Segment.”

### C Loss on Investments at SoftBank Vision Funds

Investment loss of ¥51,994 million was recorded at SoftBank Vision Funds. This comprised losses of ¥17,858 million at SVF1 and ¥145,365 million at SVF2, as well as gains of ¥74,641 million at LatAm Funds and ¥36,588 million on other investments.

SVF1 recorded a realized loss on investments (net) of ¥31,527 million due to the full exits from seven portfolio companies and the partial exits from several other portfolio companies.<sup>1</sup> Meanwhile, it recorded unrealized valuation losses (net) totaling ¥74,981 million for investments held at the third quarter-end. This comprises an unrealized gain (net) totaling ¥2,653 million for public portfolio companies attributed to higher share prices, and an unrealized loss (net) totaling ¥77,634 million for private portfolio companies, mainly due to markdowns of weaker-performing companies.

SVF2 recorded a realized loss on investments (net) of ¥74,953 million, primarily resulting from the full exits from four portfolio companies and the partial exits from several other portfolio companies.<sup>1</sup> Additionally, it recorded unrealized valuation losses (net) totaling ¥172,806 million for investments held at the third quarter-end. This was largely due to writing down WeWork's fair value to zero yen, following its filing for protection under Chapter 11 of the United States Bankruptcy Code in November 2023, and reduced fair values of private portfolio companies, mainly reflecting markdowns due to their weaker performances.

LatAm Funds recorded unrealized valuation gains (net) totaling ¥75,138 million, mainly due to share price increases of public portfolio companies. For details, see "(b) SoftBank Vision Funds Segment" under "b. Results by Segment."

### D Gain on Other Investments

Gain on other investments amounted to ¥96,473 million. This included a valuation gain on Symbotic Inc. shares acquired by a wholly owned subsidiary of the Company in July 2023, primarily resulting from an increase in the company's share price.

**Primarily as a result of B through D, the total loss on investments was ¥538,949 million.**

### E Finance Cost

Interest expenses at SBG<sup>2</sup> decreased by ¥12,946 million year on year, totaling ¥302,312 million. The decrease was mainly attributed to higher interest expenses incurred in the same period of the previous fiscal year, which was a result of the early physical settlement of prepaid forward contracts involving 242 million ADRs (American Depository Receipts) of Alibaba shares, entered into between August and September 2022. This settlement led to a lump-sum amortization of the unamortized cost of financial liabilities relating to sale of shares by prepaid forward contracts.

### F Foreign Exchange Loss

Foreign exchange loss of ¥308,202 million (net) was recorded due to the weaker yen. This was mainly because SBG and domestic subsidiaries used for fund procurement had U.S. dollar-denominated liabilities, such as borrowings from subsidiaries and foreign currency-denominated senior notes, that exceeded their U.S. dollar-denominated cash and cash equivalents and loans receivable.

The depreciation of the yen in exchange rates used for translation resulted in an increased yen-translated value of net assets of foreign subsidiaries and associates, such as SoftBank Vision Funds, whose functional currency is primarily U.S. dollars, rather than Japanese yen. However, this positive impact is not reflected as a foreign

exchange gain; instead, it is accounted for in the ¥852,563 million increase in exchange differences from the translation of foreign operations. This amount is recorded under accumulated other comprehensive income in equity on the condensed interim consolidated statement of financial position.

### **G Loss on Equity Method Investments**

In the same period of the previous fiscal year, a loss of ¥25,394 million<sup>3</sup> on equity method investments was recorded in relation to Alibaba. However, Alibaba was excluded from the associates in the second quarter of the previous fiscal year.

### **H Derivative Gain (Excluding Gain or Loss on Investments)**

Derivative gain of ¥1,204,688 million was recorded for the prepaid forward contracts and associated contracts using Alibaba shares.

### **I Other Gain**

A gain of ¥108,832 million relating to loss of control over subsidiaries was recorded mainly because of selling 85% of the shares of SB Energy Corp., a wholly owned subsidiary of the Company. In addition, interest income increased by ¥86,213 million year on year to ¥106,326 million primarily driven by higher interest rates on USD-denominated deposits. For a further breakdown, see “12. Other gain (loss)” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”

**Primarily as a result of A through I, income before income tax was ¥264,075 million, an improvement of ¥554,112 million year on year.**

### **J Income Taxes**

In addition to income taxes recorded at SoftBank Corp. and other operating companies, deferred income taxes were recorded due to an increase in the value of assets held by the Company, such as T-Mobile shares.

**Primarily as a result of A through J, net loss attributable to owners of the parent was ¥458,723 million, an improvement of ¥453,790 million year on year.**

## b. Results by Segment

The Company's reportable segments are the components of its business activities for which decisions on resource allocation and assessments of performance are made. As of the third quarter-end, there are four reportable segments: Investment Business of Holding Companies, SoftBank Vision Funds, SoftBank, and Arm.

The following is a summary of the reportable segments.

Segments	Main businesses	Core companies
Reportable segments		
Investment Business of Holding Companies	·Investment activities by SBG and its subsidiaries	SoftBank Group Corp. SoftBank Group Capital Limited SoftBank Group Japan Corporation SB Northstar LP
SoftBank Vision Funds	·Investment activities by SVF1, SVF2, and LatAm Funds	SB Investment Advisers (UK) Limited SoftBank Vision Fund L.P. SB Global Advisers Limited SoftBank Vision Fund II-2 L.P. SBLA Latin America Fund LLC
SoftBank <sup>*1</sup>	<ul style="list-style-type: none"> <li>·Consumer business: Provision of mobile services, sale of mobile devices, and provision of broadband services to retail customers in Japan</li> <li>·Enterprise business: Provision of mobile communications and solutions services to enterprise customers in Japan</li> <li>·Distribution business: Provision of ICT (Information and Communication Technology) services products to enterprise customers and provision of communication device-related products and IoT (Internet of Things) equipment to retail customers</li> <li>·Media &amp; EC (e-commerce) business: Provision of media-related services, advertising and commerce-related services</li> <li>·Financial business: Provision of payment and financial services</li> </ul>	SoftBank Corp. LY Corporation PayPay Corporation
Arm	<ul style="list-style-type: none"> <li>·Design of microprocessor intellectual property and related technology</li> <li>·Sale of software tools and provision of related services</li> </ul>	Arm Holdings plc
Other	<ul style="list-style-type: none"> <li>·Alternative investment management business</li> <li>·Fukuoka SoftBank HAWKS-related businesses</li> </ul>	Fortress Investment Group LLC Fukuoka SoftBank HAWKS Corp.

Note:

1. From the first quarter, within the management categories of the SoftBank segment, the category previously called "Yahoo & LINE" has been renamed "Media & EC."

## (a) Investment Business of Holding Companies Segment

### **1. Acquired 48.8 million T-Mobile shares for no additional consideration upon satisfaction of the Contingent Consideration condition**

- The Company acquired 48.8 million shares of T-Mobile stock equivalent to \$7.74 billion (¥1.1 trillion) for no additional consideration on December 28, 2023, following the satisfaction of the Contingent Consideration condition on December 22, 2023. This was part of the consideration the Company received for the merger between T-Mobile US and the Company's then-U.S. subsidiary Sprint, which closed on April 1, 2020.
- ¥227.0 billion derivative gain on investments was recorded due to an increase in the fair value of the Contingent Consideration. In addition, a valuation gain of ¥115.2 billion was recorded on T-Mobile shares (including pre-existing holdings), with ¥10.6 billion of this gain attributable to the shares acquired on December 28, 2023.

### **2. Investment loss of ¥583.4 billion was recorded, primarily due to above-mentioned derivative gain on investments being exceeded by realized and unrealized valuation losses on Alibaba shares totaling ¥943.0 billion.**

### **3. Segment loss amounted to ¥5.9 billion, which reflected the recordings of ¥346.0 billion in finance cost and ¥306.7 billion in foreign exchange loss, as well as investment losses, while these losses were largely mitigated by a derivative gain (excluding gain and loss on investments) of ¥1,178.8 billion.**

## OVERVIEW

This segment is led by SBG, which conducts investment activities either directly or through its subsidiaries, acting as a strategic investment holding company. The segment comprises SBG, SoftBank Group Capital Limited, SoftBank Group Japan Corporation, the asset management subsidiary SB Northstar, and certain other subsidiaries engaged in investment and financing activities. Gains and losses on investments at Investment Business of Holding Companies encompasses gains and losses on investments held by SBG either directly or through its subsidiaries, excluding gains and losses on investments pertaining to subsidiaries' shares, such as dividend income from subsidiaries or impairment losses related to subsidiaries' shares.

This segment holds investments in portfolio companies, such as Alibaba, T-Mobile, and Deutsche Telekom, most of which are classified as financial assets at FVTPL (Fair Value Through Profit or Loss). Investments classified as financial assets at FVTPL are measured at fair value every quarter, with any change in fair value recorded in the consolidated statement of profit or loss as gains and losses on investments.

### Alibaba

The Company classified its holdings of Alibaba shares as financial assets at FVTPL. These shares are measured at fair value every quarter, with any change in fair value recorded in the consolidated statement of profit or loss as a gain or loss on investments. Additionally, derivative financial assets and liabilities are recognized for prepaid forward contracts using Alibaba shares. These derivatives are measured at fair value every quarter, with any change recorded in the consolidated statement of profit or loss as a derivative gain or loss (excluding gain or loss on investments).

### Investment in listed stocks, corporate bonds, and other instruments by asset management subsidiaries

SB Northstar engages in the acquisition and sale of listed stocks, corporate bonds (primarily those of investment grades with short time to maturity), and other instruments, utilizing the surplus funds of SBG. Investment loss at asset management subsidiaries for the period amounted to ¥49.3 billion, bringing the cumulative investment loss since inception to ¥941.7 billion.\*<sup>1</sup> The balance of investments as of the third quarter-end stood at ¥265.5 billion,

including ¥163.3 billion in corporate bonds and government bonds.

SBG indirectly holds a 67% stake, while SBG's Representative Director, Corporate Officer, Chairman & CEO Masayoshi Son, indirectly holds a 33% interest in SB Northstar. The portion corresponding to Masayoshi Son's interest is deducted from the gains and losses on investments at SB Northstar as a non-controlling interest; therefore, 67% of the gains and losses on investments impact net income attributable to owners of the parent. In the event that, at the end of the fund life (12 years + 2-year extension), SB Northstar has any unfunded repayment obligations to SBG, Masayoshi Son will cover his pro rata share of any such unfunded obligations based on his relative ownership percentage in SB Northstar.

Note:

- The figures for cumulative investment loss exclude the impact of SB Northstar's investments in three Special Purpose Acquisition Companies controlled by SB Investment Advisers (US) Inc.

## FINANCIAL RESULTS

(Millions of yen)

	Nine months ended December 31		Change	Change %	
	2022	2023			
Gain (loss) on investments at Investment Business of Holding Companies	3,699,716	(583,428)	(4,283,144)	-	<b>A</b>
Gain relating to settlement of prepaid forward contracts using Alibaba shares	4,838,251	-	(4,838,251)	-	
Gain relating to sales of T-Mobile shares	24,842	-	(24,842)	-	
Realized loss on investments at asset management subsidiaries	(69,904)	(90,685)	(20,781)	-	
Unrealized gain (loss) on valuation of investments at asset management subsidiaries	(62,815)	33,251	96,066	-	
Derivative loss on investments at asset management subsidiaries	(4,996)	(786)	4,210	-	
Realized loss on investments <sup>*1</sup>	(237,859)	(18,333)	219,526	-	
Unrealized loss on valuation of investments	(957,296)	(762,564)	194,732	-	
Change in valuation for the fiscal year	(946,657)	(794,054)	152,603	-	
Reclassified to realized gain (loss) recorded in the past fiscal years <sup>*1</sup>	(10,639)	31,490	42,129	-	
Derivative gain on investments	155,534	225,392	69,858	44.9%	
Effect of foreign exchange translation <sup>*2</sup>	-	6,532	6,532	-	
Other	13,959	23,765	9,806	70.2%	
Selling, general and administrative expenses	(44,199)	(68,039)	(23,840)	53.9%	
Finance cost	(317,202)	(346,003)	(28,801)	9.1%	<b>B</b>
Foreign exchange loss	(725,356)	(306,675)	418,681	-	<b>C</b>
Loss on equity method investments	(24,708)	(1,203)	23,505	-	
Derivative gain (excluding gain (loss) on investments)					
<i>Mainly due to prepaid forward contracts using Alibaba shares</i>	631,115	1,178,831	547,716	86.8%	<b>D</b>
Other gain (loss)	(87,599)	120,660	208,259	-	
<b>Segment income (income before income tax)</b>	<b>3,131,767</b>	<b>(5,857)</b>	<b>(3,137,624)</b>	-	

Notes:

- Unrealized gains and losses on valuation of investments recorded in previous fiscal years related to the investments realized in the period are reclassified to "Realized gain (loss) on investments."
- Unrealized gains and losses on valuation of investments are translated using the average exchange rate for the quarter in which the

gains and losses were incurred, while realized gains and losses on investments are translated using the average exchange rate for the quarter in which the shares were disposed. “Effects of foreign exchange translation” are amounts that arose due to the use of different foreign currency exchange rates for these unrealized and realized gains and losses.

**A Loss on investments at Investment Business of Holding Companies: ¥583,428 million**

- Unrealized loss of ¥762,564 million was recorded on valuation of investments. This primarily comprised a loss of ¥920,503 million on Alibaba shares due to a decrease in the share price, which was partially offset by a gain of ¥115,184 million on T-Mobile shares due to an increase in the share price.
- Derivative gain of ¥225,392 million on investments was recorded, mainly including a gain of ¥227,012 million related to the T-Mobile Contingent Consideration.

**B Finance cost: ¥346,003 million (increase of ¥28,801 million year on year)**

SBG<sup>2</sup> saw a decrease in interest costs to entities outside of the group, amounting to ¥302,312 million, which is ¥12,946 million less than the same period of the previous fiscal year. Meanwhile, an amortized cost of ¥39,804 million was recognized for the unpaid portion of the consideration for the acquisition of Arm shares from SVF1 in August 2023. This amortized cost is eliminated in consolidation.

**C Foreign exchange loss: ¥306,675 million**

Foreign exchange loss of ¥306,675 million (net) was recorded due to the weaker yen. This was primarily because U.S. dollar-denominated liabilities (such as borrowings from subsidiaries and foreign currency-denominated senior notes) of SBG and domestic subsidiaries used for fund procurement exceeded their U.S. dollar-denominated cash and cash equivalents and loans receivable.

**D Derivative gain (excluding gain or loss on investments): ¥1,178,831 million**

Derivative gain of ¥1,204,688 million was recorded for the prepaid forward contracts and associated contracts using Alibaba shares.

**Reference: Impact of the asset management subsidiaries on the condensed interim consolidated statement of financial position**

	(Millions of yen)
	December 31, 2023
Cash and cash equivalents	841,367
Investments from asset management subsidiaries	263,808
including corporate and government bonds	163,304
Securities pledged as collateral at asset management subsidiaries	1,677
Derivative financial assets at asset management subsidiaries	15
Other financial assets	8,304
Other	5,651
<b>Total assets</b>	<b>1,120,822</b>
Other financial liabilities	8,997
Other	65
<b>Total liabilities</b>	<b>9,062</b>
Investments from Delaware subsidiaries* <sup>1</sup>	1,971,699
Equivalent amount of cash investments by SBG in Delaware subsidiaries	39,786
Equivalent amount of loans to Delaware subsidiaries held by SBG (the amount entrusted by SBG related to asset management)	1,912,020
Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries	19,893 <b>A</b>
Retained earnings	(955,111) <b>B</b>
Exchange differences	95,172
<b>Equity</b>	<b>1,111,760 <b>C</b></b>



Note:

1. Investments from the Company's subsidiaries, Delaware Project 1 L.L.C., Delaware Project 2 L.L.C., and Delaware Project 3 L.L.C. (the "Delaware subsidiaries"), to SB Northstar, the asset management subsidiary.

**(Calculation of non-controlling interests)**

	(Millions of yen)
Equivalent amount of cash investments by Masayoshi Son in Delaware subsidiaries	19,893 <b>A</b>
Cumulative loss attributable to non-controlling interests <sup>*2</sup>	(318,272)
Exchange differences on translating foreign operations	38,654
<b>Non-controlling interests (interests of Masayoshi Son)</b>	<b>(259,725) D</b>

Note:

2. One-third of B in the above table

**(Interests in equity (C above))**

	(Millions of yen)
Interests of SBG	1,371,485
Non-controlling interests (interests of Masayoshi Son)	(259,725) <b>D</b>
<b>Equity</b>	<b>1,111,760 C</b>

**Main interest-bearing debt and lease liabilities in this segment**

Borrower	Type	Balance as of December 31, 2023 in condensed interim consolidated statement of financial position
SBG	Borrowings	¥446.4 billion
	Corporate bonds	¥5,902.0 billion
	Lease liabilities	¥9.7 billion
	Commercial paper	¥183.0 billion
Wholly owned subsidiaries conducting fund procurement <sup>*1</sup>	Borrowings using Arm shares (margin loan)	¥1,194.1 billion
	Prepaid forward contracts using Alibaba shares (floor contracts, collar contracts, and forward contracts)	¥4,533.2 billion
	Borrowings using SoftBank Corp. shares (margin loan)	¥498.4 billion
	Prepaid forward contracts using T-Mobile shares (collar contracts)	¥403.5 billion
	Collar transactions using Deutsche Telekom shares	¥476.9 billion

Note:

1. Borrowings of wholly owned subsidiaries conducting fund procurement are nonrecourse to SBG.

**(b) SoftBank Vision Funds Segment**
**1. Gross performance since inception was \$16.7 billion in gain for SVF1 and \$19.0 billion in loss for SVF2.<sup>\*1</sup>**
**SVF1: \$106.3 billion in cumulative returns<sup>\*2</sup> on \$89.6 billion investments, with \$16.7 billion gross gain**

- Investment gain was \$5.3 billion (¥767.4 billion) for the period, including an investment gain of \$5.5 billion (¥784.2 billion) arising from the sale of Arm shares to a wholly owned subsidiary of the Company.
- The fair value of investments held at the third quarter-end increased by 4.2% from the previous quarter-end.<sup>\*3</sup>
  - Up 2.7% QoQ for public portfolio companies,<sup>\*4</sup> mainly due to an increase in the share price of DiDi
  - Up 5.4% QoQ for private portfolio companies,<sup>\*4</sup> mainly driven by a markup of high-performing ByteDance

**SVF2: \$33.3 billion in cumulative returns on \$52.3 billion investments, with \$19.0 billion gross loss**

- Investment loss was \$0.7 billion (¥96.8 billion) for the period.
- The fair value of investments held at the third quarter-end increased by 5.8% from the previous quarter-end.
  - Up 24.9% QoQ for public portfolio companies, mainly due to an increase in the share prices of AutoStore and Symbotic
  - Up 3.1% QoQ for private portfolio companies, mainly reflecting higher valuations in portfolio companies' recent funding rounds

Investment gains and losses on SVF's investments in shares in the Company's subsidiaries (mainly Arm) are recorded under "Gain (loss) on investments at SoftBank Vision Funds" in this segment. However, these are eliminated in consolidation and thus not included in "Gain (loss) on investments at SoftBank Vision Funds" in the Consolidated Statement of Profit or Loss.

(As of December 31, 2023; in billions of U.S. dollars)

	Since Inception			The Fiscal Year <sup>*5</sup>	
	Investment cost <sup>*6</sup>	Returns <sup>*6</sup>	Gain/loss	Gain/loss Oct - Dec	Gain/loss YTD
<b>SVF1</b>					
Exited investments	36.1	61.7	25.6	0.6	6.9
Investments before exit	53.5	42.2	(11.3)	1.7	(0.6)
<i>Reversal of valuation gain/loss recorded in prior periods for exited investments in the fiscal year</i>				(0.4)	(1.0)
Derivatives/Interests/Dividends	0.0	2.4	2.4	(0.0)	0.0
<b>Total</b>	<b>89.6</b>	<b>106.3</b>	<b>16.7</b>	<b>1.9</b>	<b>5.3</b>
				<b>¥285.2 billion</b>	<b>¥767.4 billion</b>
<b>SVF2</b>					
Exited investments	2.8	3.4	0.6	(0.1)	(0.5)
Investments before exit	49.5	30.1	(19.4)	1.7	(0.9)
<i>Reversal of valuation gain/loss recorded in prior periods for exited investments in the fiscal year</i>				0.1	0.6
Derivatives/Interests/Dividends	-	(0.2)	(0.2)	0.0	0.1
<b>Total</b>	<b>52.3</b>	<b>33.3</b>	<b>(19.0)</b>	<b>1.7</b>	<b>(0.7)</b>
				<b>¥250.3 billion</b>	<b>¥(96.8) billion</b>

**2. Continue monetization and investment under a disciplined approach**

- SVF2 made investments totaling \$2.02 billion in the period.<sup>1</sup>
- SVF1 and SVF2 sold investments for a total of \$19.53 billion in the period, including full exits from 13 portfolio companies, including Arm, and partial exits from several portfolio companies.<sup>1</sup>

## Notes:

1. Cumulative gross gains and proceeds from realized investments are before deducting third-party interests, taxes, and expenses. The same applies to the presentation of cumulative investment performance hereinafter.
2. Exit price, etc., plus fair value of investments held. The same applies hereinafter.
3. Represents changes in U.S. dollar-based fair values, excluding those from investments or exits made during the third quarter. The classification of portfolio companies as public/private is based on their status as of the third quarter-end. For portfolio companies

with a change in the classification of public/private during the third quarter, comparisons are made by adjusting their status at the second quarter-end to that of the third quarter-end. The same applies to the change in fair value of investments held at the quarter-end in this section.

4. Public portfolio companies are shares traded on stock exchanges or over-the-counter markets. Private portfolio companies are those that do not fall under the category of public portfolio companies. The same applies hereinafter.
5. The amount of gains and losses for exited investments in the fiscal year represents the exit price, net of the investment cost of such investments. Unrealized valuation gains and losses of such investments, recorded in prior years, the first quarter or the second quarter, are presented as a reversal of valuation gain/loss recorded in prior periods for exited investments in the fiscal year. Therefore, the total amount of gains and losses for the first quarter (April to June) and the second quarter (July to September), disclosed in the first quarter and the second quarter, and the gains and losses for the third quarter (October to December) for “Investments before exits” may not align with the amount of gains and losses for the period (April to December).
6. For derivatives, the investment costs represent the costs of the derivatives. Investment returns represent the exit price for exited investments, the fair value for investments before exits, the settlement amount of settled contracts or the fair value of open contracts for derivatives, and the respective amounts received for interest or dividends.

## OVERVIEW

Segment results mainly include the results of the investment and operational activities of SoftBank Vision Fund 1 (SVF1), SoftBank Vision Fund 2 (SVF2), and SoftBank Latin America Funds (LatAm Funds).

### Outline of principal funds in the segment

As of December 31, 2023

The funds aim to maximize returns from a medium- to long-term perspective through investments in high-growth-potential companies leveraging AI. SVF1’s investment period has ended, and the remaining undrawn capital is reserved for fixed distributions and operating expenses.

	SVF1	SVF2	LatAm Funds
Primary limited partnership	SoftBank Vision Fund L.P.	SoftBank Vision Fund II-2 L.P.	SBLA Latin America Fund LLC
Total committed capital (billions of U.S. dollars)	98.6 ----- The Company: 33.1 <sup>*1</sup> Third-party investors: 65.5	59.8 <sup>*2</sup> ----- The Company: 57.2 Third-party investor (MgmtCo): 2.6 <sup>*3</sup>	7.8 <sup>*2</sup> ----- The Company: 7.4 Third-party investor (MgmtCo): 0.4 <sup>*3</sup>
Manager	SBIA (The Company’s wholly owned U.K. subsidiary)	SBGA (The Company’s wholly owned U.K. subsidiary)	
Investment period	Ended on September 12, 2019	To be determined by the manager	
Fund life	Until November 20, 2029 + Up to two one-year extensions option by SBIA	Until October 4, 2032 + Up to two one-year extensions option by SBGA	

Notes:

1. The Company’s committed capital to SVF1 includes approximately \$8.2 billion of an obligation that is satisfied by using Arm shares (all said shares have been contributed) and \$2.5 billion to be used for an incentive scheme related to SVF1.
2. Effective September 27, 2023, SBGA, the manager of SVF2 and LatAm Funds, may allocate the remaining committed capital from SVF2 to LatAm Funds up to the amount of \$4 billion and in such circumstances, the total commitment to SVF2 will be reduced.
3. A co-investment program has been introduced for SVF2 and LatAm Funds for the Company’s management. MASA USA LLC (MgmtCo), an investment entity for the co-investment program, participates in two funds. The interest attributable to MgmtCo is treated as a third-party interest in the Company’s consolidated financial statements. For details, see “14. Related party transactions regarding a co-investment program with restricted rights to receive distributions” under “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”

## Financing at SVF

SVF1, SVF2, and LatAm Funds may independently engage in borrowings that are nonrecourse to SBG, with the aim of leveraging and maintaining liquidity. Such borrowings include asset-backed finance, which utilizes held assets to enhance returns and distribute to limited partners.

## Fair value measurement of investments

SVF1, SVF2, and LatAm Funds calculate the fair value of their investments at each quarter-end in accordance with IFRS 13 Fair Value Measurement and based on the SBIA Global Valuation Policy and the International Private Equity and Venture Capital Valuation Guidelines. For public portfolio companies, fair values of portfolio companies that are traded on stock exchanges are determined using quoted prices, while fair values of those traded on over-the-counter markets are determined using single or multiple factors, such as quoted prices and other observable inputs. For private portfolio companies, one or more valuation methods are used, including the market approach using figures of market comparable companies, the income approach using estimated future cash flows, and the recent transactions method using prices of recent funding rounds and similar transactions.

## FINANCIAL RESULTS

	(Millions of yen)			
	Nine months ended December 31			
	2022	2023	Change	Change %
Gain (loss) on investments at SoftBank Vision Funds <sup>*1</sup>	(5,042,699)	<b>781,868</b>	5,824,567	- <b>A</b>
Gain (loss) on investments at SVF1, SVF2, and LatAm Funds	(5,048,141)	<b>745,280</b>	5,793,421	-
Realized gain on investments <sup>*2</sup>	47,040	<b>934,995</b>	887,955	-
Unrealized loss on valuation of investments	(5,020,518)	<b>(108,637)</b>	4,911,881	-
Change in valuation for the fiscal year	(4,855,290)	<b>(125,539)</b>	4,729,751	-
Reclassified to realized gain (loss) recorded in the past fiscal years <sup>*2</sup>	(165,228)	<b>16,902</b>	182,130	-
Interest and dividend income from investments	1,190	<b>21,271</b>	20,081	-
Derivative gain on investments	16,191	<b>2,869</b>	(13,322)	82.3%
Effect of foreign exchange translation	(92,044)	<b>(105,218)</b>	(13,174)	-
Gain on other investments	5,442	<b>36,588</b>	31,146	572.3%
Selling, general and administrative expenses	(53,184)	<b>(64,041)</b>	(10,857)	20.4%
Finance cost	(59,074)	<b>(64,523)</b>	(5,449)	9.2%
Derivative gain (excluding gain (loss) on investments)	865	-	(865)	-
Change in third-party interests in SVF	1,145,779	<b>(378,397)</b>	(1,524,176)	- <b>B</b>
Other loss	(2,437)	<b>(49,987)</b>	(47,550)	-
<b>Segment income (income before income tax)</b>	<b>(4,010,750)</b>	<b>224,920</b>	4,235,670	-

Notes:

- Gains and losses on investments associated with the change in valuation of SoftBank Vision Funds' investments in shares in the Company's subsidiaries (mainly Arm and PayPay Corporation) are included in segment income of the SoftBank Vision Funds segment as gains and losses on investments at SoftBank Vision Funds but are eliminated in consolidation and not included in gains and losses on investments at SoftBank Vision Funds in the consolidated statement of profit or loss.
- Unrealized gains and losses on valuation of investments recorded in previous fiscal years related to the investments realized in the fiscal year are reclassified to "Realized gain (loss) on investments."

**Investments and disposals by SVF1 and SVF2**

	Investments made during the fiscal year				(Billions of U.S. dollars)			
	Q1	Q2	Q3	YTD	Disposals <sup>4</sup> made during the fiscal year			
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	YTD
SVF1	-	-	-	-	0.56	16.36	2.04	18.96
SVF2	1.56	0.37	0.09	2.02	0.33	0.12	0.12	0.57
<b>Total</b>	<b>1.56</b>	<b>0.37</b>	<b>0.09</b>	<b>2.02</b>	<b>0.89</b>	<b>16.48</b>	<b>2.16</b>	<b>19.53</b>

Note: Investments include new and follow-ons.

**Segment income**
**A Gain on investments at SoftBank Vision Funds: ¥781,868 million**

	(Millions of yen)		
	Nine months ended December 31		
	2022	2023	Change
Gain (loss) on investments at SVF1	(2,365,421)	<b>767,397</b>	3,132,818
Loss on investments at SVF2	(2,239,999)	<b>(96,758)</b>	2,143,241
Gain (loss) on investments at LatAm Funds	(442,721)	<b>74,641</b>	517,362
Gain on other investments	5,442	<b>36,588</b>	31,146
<b>Gain (loss) on investments at SoftBank Vision Funds (A)</b>	<b>(5,042,699)</b>	<b>781,868</b>	<b>5,824,567</b>
Gain (loss) on SVF's investments in shares of the Company's subsidiaries, etc. (B)	(35,944)	<b>833,862</b>	869,806
<b>Loss on investments at SoftBank Vision Funds in the Condensed Interim Consolidated Statement of Profit or Loss (A) - (B)</b>	<b>(5,006,755)</b>	<b>(51,994)</b>	<b>4,954,761</b>

“Gain on SVF’s investments in shares of the Company’s subsidiaries, etc.” for the period primarily comprises an investment gain of ¥784,242 million (\$5.5 billion) associated with the investment in Arm. As a result of the sale of Arm shares held by SVF1 to a wholly owned subsidiary of the Company in August 2023, a realized gain of ¥1,050,961 million (\$7.2 billion), an unrealized loss (reclassified to realized gain recorded in the past fiscal years) of ¥189,817 million (\$1.8 billion), and a loss of ¥76,902 million as the effect of foreign exchange translation were recorded in the SoftBank Vision Funds segment. For details of this sale, see “INTRAGROUP TRANSACTION OF ARM SHARES AND IPO OF ARM” under “(1) Overview of Results of Operations.”

**B Change in third-party interests in SVF: ¥(378,397) million**

This represents the total of distributions to third-party investors in proportion to their interests in fixed distributions and performance-based distributions, which are based on the gains and losses on investments at each fund, net of (i) management and performance fees payable to SBIA from SVF1; (ii) management and performance-linked management fees payable to SBGA from SVF2; (iii) management fees, performance-linked management fees, and performance fees payable to SBGA from LatAm Funds; and (iv) operating and other expenses of SVF. For details, see “(2) Third-party interests in SVF” under “4. SoftBank Vision Funds business” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”

**Investment performance**

As of December 31, 2023

**SVF1**

(Billions of U.S. dollars)

**Total ((1) + (2) + (3) + (4) below)**

	Cumulative number of investments	Cumulative investment cost	Cumulative investment return	Cumulative gain <sup>*1</sup>	Investment gain recorded for the fiscal year	
					Oct – Dec	YTD
	<b>102</b>	<b>89.6</b>	<b>106.3</b>	<b>16.7</b>	<b>1.9</b>	<b>5.3</b>

**(Reference)**

	Cumulative number of investments	Cumulative investment cost	Cumulative investment return	Cumulative gain <sup>*1</sup>
<i>Effects of share exchanges<sup>*2</sup></i>	(4)	(2.0)	(2.0)	-
<i>Effects of dividends in kind<sup>*3</sup></i>	(4)	-	-	-
<i>Net of the above effects</i>	94	87.6	104.3	16.7

**(1) Exited investments**

	Number of investments	Investment cost	Exit price	Cumulative realized gain <sup>*1</sup>	Realized gain recorded for the fiscal year	
					Oct – Dec	YTD
Partial exit	-	5.8	14.8	9.0		0.2
Full exit <sup>*4</sup>	33	30.3	46.9	16.6		6.7
<b>Total</b>	<b>33</b>	<b>36.1</b>	<b>61.7</b>	<b>25.6</b>	<b>0.6</b>	<b>6.9</b>

**(2) Investments before exit (investments held at the third quarter-end)<sup>\*5</sup>**

	Number of investments	Investment cost	Fair value	Cumulative unrealized valuation loss <sup>*7</sup>	Unrealized valuation gain (loss) recorded for the fiscal year	
					Oct – Dec	YTD
Public <sup>*6</sup>	21	28.2	18.0	(10.2)	0.5	0.0
Private	48	25.3	24.2	(1.1)	1.2	(0.6)
<b>Total</b>	<b>69</b>	<b>53.5</b>	<b>42.2</b>	<b>(11.3)</b>	<b>1.7</b>	<b>(0.6)</b>

**(3) Derivatives**

	Derivative cost	Fair value/settlement price	Cumulative derivative gain	Derivative gain (loss) recorded for the fiscal year	
				Oct – Dec	YTD
Unsettled	(0.0)	0.0	0.0		0.0
Settled	0.0	1.5	1.5		0.0
<b>Total</b>	<b>0.0</b>	<b>1.5</b>	<b>1.5</b>	<b>(0.0)</b>	<b>0.0</b>

**(4) Interest and dividend income from investments**

	Interest and dividend income	Cumulative income	Interest and dividend income recorded for the fiscal year	
			Oct – Dec	YTD
<b>Total</b>	<b>0.9</b>	<b>0.9</b>	-	-

Notes:

\* The total and the sum of the breakdown in the table may not match as the amount of each item is rounded to the nearest unit.

- Before deducting third-party interests, taxes, and expenses
- For investments in which share exchanges occurred, the acquisition costs of new investments and disposal prices (sale prices) of investments initially held are deducted for the purpose of presenting the cumulative net investment performance. These include share exchanges between Uber Advanced Technologies Group and Aurora Innovation Inc., PT Tokopedia and PT GoTo Gojek Tokopedia Tbk, Grofers International Pte. Ltd. and Zomato Limited, Zymergen, Inc. and Ginkgo Bioworks Holdings, Inc., and Candy Digital, Inc. and Fanatics Holdings, Inc. (an existing portfolio company). In addition, SVF1 exchanged all shares in two portfolio companies for shares in their affiliated companies in prior years, which are also existing portfolio companies. The acquisition costs and disposal prices (sale prices) of these investments are also deducted in this section.
- Investments acquired through dividends in kind from existing portfolio companies are deducted from the investment count. These include two investments acquired from Arm (Treasure Data and Acetone Limited (an intermediate holding company that owns approximately 48% of the equity interest in Arm China)) and two investments acquired from Reef Global Inc. (REEF Proximity

Aggregator LLC and Parking Aggregator LLC).

4. Includes disposals (sales) as a result of share exchanges and restructuring of portfolio companies
5. The classification of portfolio companies as public/private is based on their status as of the third quarter-end.
6. Includes DiDi Global Inc. and WeWork, which are traded in the over-the-counter market. The carrying amount of WeWork stocks has been written down to zero U.S. dollars; this decision was based on the Restructuring Support Agreement the company entered into with its major debt investors on November 6, 2023.
7. For a certain investment that was initially determined to be transferred from the Company to SVF1, but later canceled, any unrealized valuation gains and losses incurred for the period leading up to the decision to cancel the transfer are not included in this section.

## SVF2

(Billions of U.S. dollars)

### Total ((1) + (2) + (3) + (4) below)

	Cumulative number of investments	Cumulative investment cost	Cumulative investment return	Cumulative loss <sup>*1</sup>	Investment gain (loss) recorded for the fiscal year	
					Oct – Dec	YTD
	281	52.3	33.3	(19.0)	1.7	(0.7)
<b>(Reference)</b>						
	Cumulative number of investments	Cumulative investment cost	Cumulative investment return	Cumulative loss <sup>*1</sup>		
<i>Effects of financial support to WeWork<sup>*2</sup></i>	(4)	-	-	-		
<i>Effects of share exchanges<sup>*3</sup></i>	(1)	(0)	(0)	-		
<i>Net of the above effects</i>	276	52.3	33.3	(19.0)		

### (1) Exited investments

	Number of investments	Investment cost	Exit price	Cumulative realized gain (loss) <sup>*1</sup>	Realized loss recorded for the fiscal year	
					Oct – Dec	YTD
Partial exit	-	0.4	0.3	(0.1)		(0.0)
Full exit	8	2.4	3.1	0.7		(0.5)
<b>Total</b>	<b>8</b>	<b>2.8</b>	<b>3.4</b>	<b>0.6</b>	<b>(0.1)</b>	<b>(0.5)</b>

### (2) Investments before exit (investments held at the third quarter-end)<sup>\*4</sup>

	Number of investments	Investment cost <sup>*6</sup>	Fair value <sup>*6</sup>	Cumulative unrealized valuation loss	Unrealized valuation gain (loss) recorded for the fiscal year	
					Oct – Dec	YTD
Public <sup>*5</sup>	16	8.6	4.4	(4.2)	0.9	(0.6)
Private	257	40.9	25.7	(15.2)	0.8	(0.3)
<b>Total</b>	<b>273</b>	<b>49.5</b>	<b>30.1</b>	<b>(19.4)</b>	<b>1.7</b>	<b>(0.9)</b>

### (3) Derivatives

	Derivative cost	Fair value/settlement price	Cumulative derivative gain (loss)	Derivative gain (loss) recorded for the fiscal year	
				Oct – Dec	YTD
Unsettled	-	0.0	0.0		(0.0)
Settled	-	(0.3)	(0.3)		0.0
<b>Total</b>	<b>-</b>	<b>(0.3)</b>	<b>(0.3)</b>	<b>0.0</b>	<b>0.0</b>

### (4) Interest and dividend income from investments

	Interest and dividend income	Cumulative income	Interest and dividend income recorded for the fiscal year	
			Oct – Dec	YTD
<b>Total</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>

## Notes:

\* The total and the sum of the breakdown in the table may not match, as the amount of each item is rounded to the nearest unit.

1. Before deducting third-party interests, taxes, and expenses
2. WeWork senior secured notes (i) purchased by SVF2 in accordance with an agreement between the Company and WeWork in October 2019 (redeemed by WeWork in the first quarter), the convertible bonds (ii and iii) and notes with a face value of \$0.30 billion (iv) held by SVF2 in accordance with an agreement made in March 2023 among WeWork, its principal bondholders, SVF2, and others to support the restructuring of WeWork's debt, are deducted from the investment count.
3. For investments in which share exchanges occurred, the acquisition costs of new investments and disposal prices (sale prices) of investments initially held are deducted for the purpose of presenting the cumulative net investment performance. During the second quarter, SVF2 exchanged a portion of its shares in XCOM Labs, Inc. for shares in Globalstar, Inc.
4. The classification of portfolio companies as public/private is based on their status as of the third quarter-end.
5. Includes Pear Therapeutics, Inc. and WeWork, which are traded in the over-the-counter market. The carrying amount of WeWork stocks has been written down to zero U.S dollars; this decision was based on the Restructuring Support Agreement the company entered into with its major debt investors on November 6, 2023.
6. The investment cost and fair value of investments before exit in SVF2 include those related to a minor SVF2 ownership percentage in another portfolio company received as part of the consideration for SVF2's investment in a portfolio company.

### LatAm Funds

As of the third quarter-end, LatAm Funds posted \$6.2 billion in cumulative returns on \$7.3 billion in investments, with a gross loss of \$1.1 billion since inception. Of this, investment gain for the period was \$0.5 billion (¥74.6 billion).

### Capital deployment

As of December 31, 2023

#### SVF1

	(Billions of U.S. dollars)		
	Total	The Company	Third-party investors
Committed capital (A)	98.6	33.1	65.5
Drawn capital <sup>5</sup> (B)	87.2	29.9	57.3
Return of capital (non-recallable) (C)	35.6	9.2	26.4
Outstanding capital <sup>*1</sup> (D) = (B) – (C)	51.6	20.7	30.9
Remaining committed capital (E) = (A) – (B)	11.4	3.2	8.2

## Notes:

\*The Company's committed capital to SVF1 includes approximately \$8.2 billion of an obligation that is satisfied by using Arm shares (all said shares have been contributed) and \$2.5 billion to be used for an incentive scheme related to SVF1.

1. As of the third quarter-end, \$15.0 billion of the \$30.9 billion of outstanding capital from third-party investors was attributable to preferred equity commitment.



**SVF2**

(Billions of U.S. dollars)

	<b>Total</b>
Committed capital (A)	<b>59.8</b>
Drawn capital (B)	<b>56.7</b>
Remaining committed capital (C) = (A) – (B)	<b>3.1</b>

Note: Remaining committed capital includes recallable return of capital.

(Reference: Breakdown of committed capital as of December 31, 2023)

Total committed capital	<b>59.8</b>
The Company's equity commitment to investments outside the scope of the co-investment program	12.5
The Company's preferred equity commitment to SVF2 LLC <sup>*1</sup>	32.3
The Company's equity commitment to SVF2 LLC	12.4
MgmtCo's equity commitment to SVF2 LLC	2.6

Notes:

\*As of the third quarter-end, no capital has been paid by MgmtCo.

1. SVF2 LLC (SVF II Investment Holdings LLC) is a subsidiary of the Company established under SVF2 and indirectly holds investments subject to the co-investment program.

As of the third quarter-end, total committed capital for LatAm Funds was \$7.8 billion, with drawn capital totaling \$7.4 billion.

 For a complete list of portfolio companies and historical quarterly results of SVF1, SVF2, and LatAm Funds, see the Data Sheets under "Earnings Results Briefing" on the Company's website at <https://group.softbank/en/ir/presentations/>.

### (c) SoftBank Segment

**Segment income increased by 30.4% YoY, primarily due to increases in income for the Media & EC business and the enterprise business, despite a decrease in income in the consumer business caused by reduced mobile service charges.**

(Millions of yen)

	Nine months ended December 31		Change	Change %
	2022	2023		
Net sales	4,388,232	<b>4,511,552</b>	123,320	2.8%
Segment income (income before income tax)	545,543	<b>711,531</b>	165,988	30.4%
Depreciation and amortization	(559,493)	<b>(552,117)</b>	7,376	(1.3%)
Gain (loss) on investments	(26,215)	<b>4,148</b>	30,363	-
Finance cost	(47,588)	<b>(48,107)</b>	(519)	1.1%
Loss on equity method investments	(32,559)	<b>(17,870)</b>	14,689	-
Other gain (loss)	(29,140)	<b>38,262</b>	67,402	-

### OVERVIEW

Segment results include the business activities of SoftBank Corp. mainly in Japan, such as the provision of mobile services and sale of mobile devices, as well as the provision of broadband and e-commerce services. Under its *Beyond Carrier* strategy, SoftBank Corp. aims to achieve sustainable growth in its core telecommunications business, while expanding its domains beyond telecommunications through internet services, such as *Yahoo! JAPAN* and *LINE*, and the development of businesses that utilize advanced technologies including AI, IoT, and FinTech, the latter encompassing the cashless payment service *PayPay*.

### FINANCIAL RESULTS

Segment income was ¥711,531 million, an increase of ¥165,988 million (30.4%) year on year. This was mainly due to increases in income in the Media & EC business and the enterprise business and improvements in investment and other gains and losses, despite a decrease in income in the consumer business. Although SoftBank Corp. recorded a gain from remeasurement relating to business combination of ¥294,843 million in the third quarter of the previous fiscal year for its consolidation of PayPay Corporation, the gain on remeasurement is not recorded on SBG's consolidated financial statements because PayPay Corporation has consistently been classified as a consolidated subsidiary of SBG.

Income in the consumer business decreased mainly due to reduced mobile service charges. However, mobile service revenue reversed its decline year on year in the third quarter, reflecting a gradual improvement due to the waning of the impact of a reduction in mobile service charges implemented in the spring of 2021 and an increase in the number of smartphone subscribers. In the Media & EC business, the increase in income was due to the optimization of commerce services costs, increased revenue from advertising, and the recognition of a gain of ¥10,459 million on the sale of certain AI-related businesses, among other factors. In the enterprise business, income increased due to higher sales of cloud services and other products, driven by the accelerated digitalization of enterprises.

The improvement in investment gains and losses was due to better gains and losses related to, among others, portfolio companies invested to strengthen solution services. The improvement in other gains and losses reflected dilution gain from changes in equity interest of ¥20,299 million recorded mainly for equity method associate Webtoon Entertainment Inc. and is partly attributable to the recording of impairment loss on equity method

investments of ¥31,304 million in the third quarter of the previous fiscal year in relation to DEMAE-CAN CO., LTD.

PayPay Corporation and PayPay Card Corporation saw a reduction in losses mainly due to increases in sales from the expansion of gross merchandise volume and interest income from the expansion of the revolving balance.

#### **INTRAGROUP REORGANIZATION PRIMARILY AMONG Z HOLDINGS AND ITS CORE WHOLLY OWNED SUBSIDIARIES, LINE AND YAHOO JAPAN**

On October 1, 2023, Z Holdings Corporation completed the scheduled intragroup reorganization procedures, including the merger primarily among the company and its core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation, as well as changing its trade name to LY Corporation. The revised organizational structure, with a further emphasis on products, is expected to accelerate synergy expansion through business integration.

For more information on SoftBank Corp.'s financial results and business operations, please refer to its website at <https://www.softbank.jp/en/corp/ir/>.

#### (d) Arm Segment

**Arm's business continues to benefit from technology companies increasing investments in Artificial Intelligence. Arm recorded the highest net sales in both the third quarter and the period.**

◆ **Net sales for the period increased by 7.1% YoY (U.S. dollar-based) driven by its highest-ever license and other revenue. In yen terms, net sales increased by 13.1%.**

- Royalty revenue decreased by 8.0% YoY (U.S. dollar-based) as weak sales of chips for smartphones and other consumer electronic devices were partially offset by strong growth in automotive and infrastructure equipment. On a quarterly basis, the combination of a recovery in semiconductor industry sales and the increasing penetration of *Armv9* technology resulted in Arm's highest-ever royalty revenue.

- License and other revenue increased by 34.3% YoY (U.S. dollar-based) with Arm signing major deals with companies developing chips for future smartphone, automotive, consumer electronic devices, and AI applications.

◆ **Segment loss of ¥16.4 billion, with strong net sales being offset by an increase in expenses related to stock compensation schemes combined with an increase in headcount to enhance R&D capability**

(Millions of yen)

	Nine months ended December 31		Change	Change %
	2022	2023		
Net sales	288,952	<b>326,814</b>	37,862	13.1%
Segment income (income before income tax) <sup>*1</sup>	54,901	<b>(16,444)</b>	(71,345)	-

Note:

1. Segment income included amortization expenses of ¥48,815 million for the period and ¥46,359 million for the same period of the previous fiscal year. These expenses are related to intangible assets recognized in the purchase price allocation at the time of the acquisition of Arm.

#### OVERVIEW

Arm's operations primarily consist of licensing semiconductor intellectual property (IP), including the design of energy-efficient microprocessors and associated technologies.

Semiconductor industry trends can have a significant impact on Arm's financial results, both positively and negatively. Industry growth benefits Arm's royalty revenue, which can grow along with industry sales. Industry growth can also encourage Arm's customers to increase design activity, creating new opportunities for Arm to license its latest technologies, and thus driving license and other revenue.

Arm will continue to increase investments in R&D in order to build the future of computing. Arm is creating CPUs and related technologies, such as graphics processors, AI accelerators, and integrated subsystems, that will enable its customers to develop the next generation of computing devices.

## FINANCIAL RESULTS

### Net sales in U.S. dollars

Net sales in this section are presented in U.S. dollars as Arm's revenue is primarily based on U.S. dollars.

(Millions of U.S. dollars)

	Nine months ended December 31			
	2022	2023	Change	Change %
Royalty revenue	1,362	<b>1,253</b>	(109)	(8.0%)
License and other revenue	758	<b>1,018</b>	260	34.3%
<b>Total</b>	<b>2,120</b>	<b>2,271</b>	151	7.1%

Note: From the first quarter, the names of sales categories have been changed from "Technology royalty" and "Technology non-royalty" to "Royalty revenue" and "License and other revenue," respectively. The aggregation method remains unchanged.

Net sales for the period increased by \$151 million (7.1%) year on year, achieving a record high, bolstered by the strongest ever license and other revenue.

### **Royalty revenue**

Royalty revenue decreased by \$109 million (8.0%) year on year as it was impacted by a decline in the sales of smartphones and other consumer electronic devices, partially offset by strong growth in chips for the automotive market and infrastructure equipment. On a quarterly basis, however, Arm achieved record royalty revenue given the industry recovery combined with the increasing penetration of *Armv9* technology, which commands a higher royalty fee. Industry analysts expect the overall semiconductor market conditions will gradually recover in 2024, especially with the anticipation of new trends such as AI smartphones and AI PCs (high-performance end devices that can run AI applications without the need for connecting to the Internet), which is expected to drive medium- to long-term demand in the industry. As market conditions improve, Arm expects its royalty revenue will grow further.

### **License and other revenue**

License and other revenue increased by \$260 million (34.3%) year on year, reaching a record high. This was due to increasing investment by Arm's customers into AI technologies and due to more companies moving from a licensing technology one at a time to a subscription license model where the customer accesses a wider range of technologies in return for a higher license fee. In the period, Arm signed multiple high-value deals with leading companies that intend to build chips for smartphones, PCs and other consumer electronic devices, as well as automotive, embedded, and AI applications.

### Segment income

Segment loss was ¥16,444 million, deteriorating by ¥71,345 million year on year. This was mainly due to an increase in expenses related to stock compensation schemes as well as an increase in the number of employees, mainly technology-related personnel, as Arm rapidly increases its R&D capability.

## OPERATIONS

### Royalty units<sup>6</sup>

(Billion)

	Nine-month period ended December 31			
	2022	2023	Change	Change %
<b>Royalty units as reported by Arm's licensees</b>	22.8	<b>21.6</b>	(1.2)	(5.0%)

Arm's licensees reported shipments of 21.6 billion Arm-based chips for the nine months from January 1 to September 30, 2023, a decrease of 5.0% year on year, which largely reflects the approximately 8% decline in smartphones sold in the first nine months of 2023 compared with the same period one year ago.<sup>7</sup>

## TECHNOLOGY DEVELOPMENT

Arm and its licensees made the following technology-related announcements during the period. For details on each technology development, please refer to the press releases posted on the websites of the announcing companies.

- In May 2023, Arm announced its latest Total Compute Solutions for mobile applications processors, *TCS23*, a platform for premium mobile computing devices, which will power immersive games, real-time 3D experiences and next-gen AI applications.
- In May 2023, NVIDIA Corporation announced a supercomputer built on the NVIDIA Grace CPU Superchip, adding to a wave of new energy-efficient supercomputers based on the Arm *Neoverse* platform.
- In May 2023, NVIDIA Corporation and SoftBank Corp. announced that they are collaborating on a pioneering platform for generative AI and 5G/6G applications that is based on the NVIDIA GH200 Grace Hopper Superchip and which SoftBank Corp. plans to roll out at new, distributed AI data centers across Japan.
- In August 2023, Arm announced a new technology family for licensing, the Arm *Neoverse* Compute Subsystems (CSS). These are pre-integrated and validated configurations of infrastructure products that will reduce development costs and improve time-to-market for companies developing chips for servers and networking equipment.
- In October 2023, Renesas Electronics Corporation announced the world's most powerful family of microcontrollers, the RA8 series, based on the Arm Cortex-M85 processor. The Cortex-M85 integrates Arm *Helium* technology which provides four times more performance acceleration for machine learning algorithms and is essential as AI becomes increasingly important in edge and end-point devices.
- In November 2023, MediaTek Inc. announced the Dimensity 9300, its latest mobile chip with a one-of-a-kind All Big Core design targeting flagship smartphones. The Dimensity 9300 is powered by four Arm Cortex-X4 cores, four Arm Cortex-A720 cores and Arm Immortalis-G720. It is designed for significantly improved performance for on-device generative AI processing, including running large language models on a smartphone.
- In November 2023, Microsoft Corporation announced the Azure Cobalt CPU, Microsoft's first custom silicon for servers. The Azure Cobalt CPU is based on 128 Arm *Neoverse* processors and delivers 40% higher performance per watt than the current generation of Azure server chips.

For more information about Arm, its business, and its technology, please refer to its website at <https://www.arm.com>.

## (2) Overview of Financial Position

### 1. Status of investment assets

◆ **Carrying amount of investments from SVF (FVTPL) <sup>\*1</sup> increased by ¥238.1 billion from the previous fiscal year-end to ¥10,727.9 billion, <sup>\*2</sup>** reflecting the depreciation of the yen against the U.S. dollar, despite a decrease in the U.S. dollar balance.

- ¥121.5 billion decrease at SVF1: The balance decreased by \$3.53 billion on a U.S. dollar basis, due to decreases of \$2.97 billion from divestments and \$0.56 billion in the fair value of investments held at the third quarter-end.

- ¥262.4 billion increase at SVF2: The balance increased by \$0.25 billion on a U.S. dollar basis, mainly due to new<sup>1</sup> and follow-on investments totaling \$2.01 billion, despite decreases of \$0.50 billion due to divestments<sup>1</sup> and \$1.23 billion in the fair value of investments held at the third quarter-end.

◆ **Carrying amount of investment securities increased by ¥913.4 billion from the previous fiscal year-end to ¥8,619.9 billion, <sup>\*2</sup>** which included the following carrying amounts:

- Alibaba shares of ¥3,769.8 billion (a decrease of ¥1,072.5 billion)

- T-Mobile shares of ¥2,094.1 billion (an increase of ¥1,324.9 billion): Following the satisfaction of the Contingent Consideration condition, the Company acquired 48.8 million T-Mobile shares for no additional consideration. These shares amounted to ¥1,108.6 billion at the third quarter-end.

- Bonds and other asset management products held by PayPay Bank of ¥486.6 billion (an increase of ¥197.8 billion)

### 2. Changes in liabilities associated with financing activities

◆ **Interest-bearing debt of SBG increased by ¥235.6 billion from the previous fiscal year-end.**

- SBG issued domestic hybrid bonds and secured a hybrid loan to replace the USD-denominated NC6 undated hybrid notes (which were recorded as equity) that it voluntarily redeemed in the second quarter.

◆ **Interest-bearing debt of wholly owned subsidiaries conducting fund procurement increased by ¥840.9 billion from the previous fiscal year-end. <sup>\*2</sup>**

- Raised \$4.39 billion through the new conclusion of prepaid forward contracts using Alibaba shares, while \$1.25 billion in financial liabilities relating to sale of shares by prepaid forward contracts was derecognized following the physical settlement of a portion of such contracts previously entered into.

◆ **Interest-bearing debt of SVF decreased by ¥809.4 billion from the previous fiscal year-end.**

- SVF1 and SVF2 repaid borrowings totaling \$6.35 billion made through asset-backed finance.

### 3. Changes in equity

◆ **Total equity increased by ¥1,063.4 billion from the previous fiscal year-end.**

- Disposal of Arm shares upon its IPO resulted in recording of ¥674.4 billion in capital surplus (amount equivalent to gain on sale). Non-controlling interest in Arm at the third quarter-end was ¥177.3 billion.

- Other equity instruments decreased by ¥220.9 billion following the voluntary redemption of USD-denominated NC6 undated hybrid notes.

- Retained earnings decreased due to a ¥458.7 billion net loss attributable to owners of the parent.

- Exchange differences from the translation of foreign operations increased by ¥852.6 billion due to the weaker yen.

- Increase in non-controlling equity interest of SoftBank due to issuance of bond-type class shares in the amount of ¥120.0 billion

◆ **Ratio of equity attributable to owners of the parent (equity ratio) was 21.7% at the third quarter-end, compared with 20.6% at the previous fiscal year-end.**

#### Notes:

1. Investments from SVF (FVTPL) do not include SVF's investments in the Company's subsidiaries (primarily PayPay Corporation) or investments that were transferred from the Company to the funds and continue to be accounted for using the equity method (and are included in "Investments accounted for using the equity method") prior to and after such transfer.

2. Includes increases in the carrying amount due to a 6.2% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the quarter-end

	(Millions of yen)			
	March 31, 2023	December 31, 2023	Change	Change %
Total assets	43,936,368	<b>44,983,750</b>	1,047,382	2.4%
Total liabilities	33,287,153	<b>33,271,140</b>	(16,013)	(0.0%)
Total equity	10,649,215	<b>11,712,610</b>	1,063,395	10.0%

**(a) Assets**

	(Millions of yen)		
	March 31, 2023	December 31, 2023	Change
Cash and cash equivalents	6,925,153	<b>6,163,703</b>	(761,450)
Trade and other receivables	2,594,736	<b>2,805,284</b>	210,548
Derivative financial assets	249,414	<b>609,340</b>	359,926 <b>A</b>
Other financial assets	371,313	<b>615,649</b>	244,336 <b>B</b>
Inventories	163,781	<b>181,157</b>	17,376
Other current assets	282,085	<b>551,966</b>	269,881
Total current assets	10,586,482	<b>10,927,099</b>	340,617
Property, plant and equipment	1,781,142	<b>1,851,821</b>	70,679
Right-of-use assets	858,577	<b>787,536</b>	(71,041)
Goodwill	5,199,480	<b>5,419,501</b>	220,021 <b>C</b>
Intangible assets	2,409,641	<b>2,420,489</b>	10,848
Costs to obtain contracts	332,856	<b>320,802</b>	(12,054)
Investments accounted for using the equity method	730,440	<b>840,304</b>	109,864
Investments from SVF (FVTPL)	10,489,722	<b>10,727,854</b>	238,132 <b>D</b>
SVF1	6,110,527	<b>5,989,039</b>	(121,488)
SVF2	3,646,305	<b>3,908,732</b>	262,427
LatAm Funds	732,890	<b>830,083</b>	97,193
Investment securities	7,706,501	<b>8,619,868</b>	913,367 <b>E</b>
Derivative financial assets	1,170,845	<b>383,299</b>	(787,546) <b>F</b>
Other financial assets	2,303,620	<b>2,316,355</b>	12,735
Deferred tax assets	210,823	<b>200,156</b>	(10,667)
Other non-current assets	156,239	<b>168,666</b>	12,427
Total non-current assets	33,349,886	<b>34,056,651</b>	706,765
<b>Total assets</b>	43,936,368	<b>44,983,750</b>	1,047,382



**Reasons for changes by primary component**

Components	Main reasons for changes from the previous fiscal year-end
<u>Current assets</u>	
<b>A</b> Derivative financial assets	<ul style="list-style-type: none"> <li>· Derivative financial assets related to the prepaid forward contracts using Alibaba shares increased by ¥414,716 million. The increase was due to reclassification of those contracts due for settlement within one year as current assets and was also impacted by a decline in Alibaba's share price and the depreciation of the yen, despite the physical settlement of a portion of the contracts.</li> <li>· Contingent value rights, which were received in June 2020 in relation to the disposal of T-Mobile shares and recorded as derivative financial assets at the previous fiscal year-end in the balance of ¥67,308 million, were vested on June 1, 2023 and was derecognized after the Company received 3.6 million T-Mobile shares. The shares are recorded as investment securities in the same manner as the existing holdings of T-Mobile shares.</li> </ul>
<b>B</b> Other financial assets	Investments from asset management subsidiaries increased by ¥160,114 million due to the acquisition of corporate bonds (primarily those of investment grades with short time to maturity) and government bonds.
<u>Non-current assets</u>	
<b>C</b> Goodwill	Arm's goodwill increased by ¥196,563 million due to a 6.2% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the quarter-end. The entire amount of goodwill remains attributable to SBG, even following the sale of a 10% stake in conjunction with the IPO of Arm.
<b>D</b> Investments from SVF (FVTPL)	<p>The carrying amount of investments at SVF increased mainly due to a 6.2% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the quarter-end.</p> <ul style="list-style-type: none"> <li>· The carrying amount of investments at SVF1 decreased by ¥121.5 billion. On a U.S. dollar basis, the carrying amount decreased by a total of \$3.53 billion. The result reflected decreases of \$2.97 billion due to divestments and \$0.56 billion due to a decrease in the fair value of investments held at the third quarter-end.</li> <li>· The carrying amount of investments at SVF2 increased by ¥262.4 billion. On a U.S. dollar basis, the carrying amount increased by a total of \$0.25 billion. The result mainly reflected an increase of \$2.01 billion due to new<sup>1</sup> and follow-on investments. This was despite a decrease of \$1.23 billion from reductions in the fair value of investments held at the third quarter-end and \$0.50 billion lost due to divestments.<sup>1</sup></li> <li>· The carrying amount of investments at LatAm Funds increased by ¥97.2 billion. On a U.S. dollar basis, the carrying amount increased by a total of \$0.36 billion. The result reflected increases of \$0.53 billion in the fair value of portfolio companies held at the third quarter-end*1 and \$0.05 billion due to follow-on investments. However, these gains were partially offset by a decrease of \$0.22 billion due to divestments.</li> </ul> <p>For details, see “(b) SoftBank Vision Funds Segment” under “b. Results by Segment” in “(1) Overview of Results of Operations.”</p>

## Note:

1. Includes the impact from the stronger local currencies against the U.S. dollar

Components	Main reasons for changes from the previous fiscal year-end
<b>E Investment securities</b>	<ul style="list-style-type: none"> <li>· The carrying amount of Alibaba shares decreased by ¥1,072,480 million (\$9.68 billion), with the balance at the third quarter-end being ¥3,769,825 million (\$26.58 billion). This decrease is mainly attributable to a \$8.78 billion reduction in fair value due to the decline in the company's share price (Reference: a fall from \$102.18 per ADR as of March 31, 2023 to \$77.51 per ADR as of December 31, 2023). Additional factors included a decrease of ¥63,895 million (\$0.44 billion) following the physical settlement of a portion of the prepaid forward contracts using the company's shares in the third quarter. In addition, in January 2024, certain prepaid forward contracts matured and were settled by Alibaba shares. For the settlement in January 2024, at the third-quarter end, ¥65,555 million (\$0.46 billion) worth of Alibaba shares used for the settlement were reclassified from investment securities to other current assets.</li> <li>· The carrying amount of T-Mobile shares increased by ¥1,324,879 million (\$9.00 billion), with the balance at the third quarter-end being ¥2,094,085 million (\$14.76 billion). This increase mainly reflected the receipt of 48.8 million shares of T-Mobile, valued at ¥1,108,591 million at the third-quarter end, following the satisfaction of the condition for the Contingent Consideration. The increase in the company's share price also contributed to the increase in the carrying amount (Reference: a rise from \$144.84 per share as of March 31, 2023 to \$160.33 per share as of December 31, 2023). The carrying amounts of Alibaba shares and T-Mobile shares as of the third quarter-end also reflected an increase caused by a 6.2% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations.</li> <li>· The carrying amount of bonds and other asset management products held by PayPay Bank Corporation increased by ¥197,833 million, with the balance at the third quarter-end being ¥486,616 million.</li> </ul>
<b>F Derivative financial assets</b>	<ul style="list-style-type: none"> <li>· The Contingent Consideration related to the acquisition of T-Mobile shares was derecognized after the receipt of the shares (balance at the previous fiscal year-end: ¥833,770 million).</li> <li>· Derivative financial assets related to prepaid forward contracts using Alibaba shares decreased by ¥74,225 million. This was due to reclassifying assets with a remaining term of one year or less as current assets, despite a decrease in the Alibaba's share price and the depreciation of the yen.</li> </ul>

**Reference: Cash and cash equivalents by entity**

Consolidated cash and cash equivalents decreased by ¥761.5 billion from the previous fiscal year-end to ¥6,163.7 billion. Of this, cash and cash equivalents of SBG and wholly owned subsidiaries conducting fund procurement, etc. decreased by ¥730.5 billion to ¥3,354.5 billion. For details, see “(3) Overview of Cash Flows.”

	(Millions of yen)		
	March 31, 2023	December 31, 2023	Change
<b>SBG and wholly owned subsidiaries</b>			
<b>conducting fund procurement, etc.</b> <sup>*1</sup>	4,085,004	<b>3,354,462</b>	(730,542)
SBG <sup>*1</sup>	3,523,393	<b>2,490,912</b>	(1,032,481)
Wholly owned subsidiaries conducting fund procurement	543,380	<b>22,183</b>	(521,197)
SB Northstar	18,231	<b>841,367</b>	823,136
<b>SoftBank Vision Funds segment</b>			
SVF1	72,159	<b>31,115</b>	(41,044)
SVF2	36,930	<b>21,784</b>	(15,146)
LatAm Funds	2,818	<b>4,128</b>	1,310
SBIA, SBGA, SBLA Advisers Corp.	97,546	<b>53,846</b>	(43,700)
<b>SoftBank segment</b>			
SoftBank Corp.	280,768	<b>503,238</b>	222,470
LY Corporation <sup>*2</sup>	443,424	<b>332,549</b>	(110,875)
PayPay Corporation, PayPay Bank Corporation, <sup>*3</sup> PayPay Card Corporation	857,430	<b>836,839</b>	(20,591)
Others <sup>*2</sup>	477,545	<b>522,256</b>	44,711
<b>Others</b> <sup>*1</sup>	571,529	<b>503,486</b>	(68,043)
<b>Total</b>	6,925,153	<b>6,163,703</b>	(761,450)

Notes:

- As of September 21, 2023, the Company merged with the Company's former wholly owned subsidiary Shiodome Project 9 GK in an absorption-type merger. Amounts at the previous fiscal year-end have been restated retrospectively to reflect the merger.
- As of October 1, 2023, Z Holdings Corporation completed the intragroup reorganization, including the merger primarily involving the three companies: the company itself, LINE Corporation, and Yahoo Japan Corporation, and changed its trade name to LY Corporation. Amounts at the previous fiscal year-end have been restated retrospectively in accordance with the intragroup reorganization.
- Cash and cash equivalents of PayPay Bank Corporation at the third quarter-end were ¥363,637 million.

**(b) Liabilities**

	(Millions of yen)		
	March 31, 2023	December 31, 2023	Change
Interest-bearing debt	5,129,047	<b>6,624,005</b>	1,494,958
Lease liabilities	184,105	<b>152,722</b>	(31,383)
Deposits for banking business	1,472,260	<b>1,625,530</b>	153,270
Trade and other payables	2,416,872	<b>2,587,647</b>	170,775
Derivative financial liabilities	82,612	<b>228,367</b>	145,755
Other financial liabilities	180,191	<b>56,610</b>	(123,581) <b>A</b>
Income taxes payable	367,367	<b>121,383</b>	(245,984) <b>B</b>
Provisions	72,350	<b>62,191</b>	(10,159)
Other current liabilities	675,920	<b>630,384</b>	(45,536)
<b>Total current liabilities</b>	<b>10,580,724</b>	<b>12,088,839</b>	1,508,115
Interest-bearing debt	14,349,147	<b>13,501,053</b>	(848,094)
Lease liabilities	652,892	<b>656,921</b>	4,029
Third-party interests in SVF	4,499,369	<b>4,666,903</b>	167,534 <b>C</b>
Derivative financial liabilities	899,351	<b>71,738</b>	(827,613) <b>D</b>
Other financial liabilities	58,545	<b>39,612</b>	(18,933)
Provisions	163,627	<b>168,956</b>	5,329
Deferred tax liabilities	1,828,557	<b>1,787,259</b>	(41,298)
Other non-current liabilities	254,941	<b>289,859</b>	34,918
<b>Total non-current liabilities</b>	<b>22,706,429</b>	<b>21,182,301</b>	(1,524,128)
<b>Total liabilities</b>	<b>33,287,153</b>	<b>33,271,140</b>	(16,013)

**Reasons for changes by primary component**

Components	Main reasons for changes from the previous fiscal year-end
*See "Reference" on the following page for a breakdown of interest-bearing debt.	
<u>Current liabilities</u>	
<b>A</b> Other financial liabilities	By the end of the second quarter, an allowance (allowance for financial guarantee contract losses) was recorded for the entire credit support for a letter of credit facility provided by financial institutions totaling \$1.43 billion to WeWork (the beginning balance of the allowance was ¥152,365 million). In the third quarter, the allowance was allocated to the loan that was recognized as a result of the fulfillment of the guarantee obligations, resulting in a decrease in the allowance for financial guarantee contract losses by ¥150,104 million from the beginning balance. As of the third quarter-end, the carrying amount of the loan was zero yen, as the allowance has been allocated.
<b>B</b> Income taxes payable	SBG paid income taxes during the first quarter. This payment was accrued in the previous fiscal year based on taxable income, including gains on the sale of Alibaba shares to subsidiaries conducting fund procurement, which was carried out in relation to the early physical settlement of prepaid forward contracts using Alibaba shares.

Components	Main reasons for changes from the previous fiscal year-end
<u>Non-current liabilities</u>	
<b>C</b> Third-party interests in SVF	The carrying amount increased due to a 6.2% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the quarter-end. For details, see “(2) Third-party interests in SVF” under “4. SoftBank Vision Funds business” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”
<b>D</b> Derivative financial liabilities	Derivative financial liabilities related to prepaid forward contracts using Alibaba shares decreased by ¥778,596 million, primarily as a result of a decline in Alibaba’s share price.

**Reference: Interest-bearing debt and lease liabilities (current and non-current)**

(Millions of yen)

	March 31, 2023	December 31, 2023	Change
<b>SBG and wholly owned subsidiaries</b>			
<b>conducting fund procurement, etc.</b>	12,635,554	13,710,988	1,075,434
<b>SBG</b>	6,306,590	6,541,121	234,531
Borrowings	381,851	446,377	64,526 A
Corporate bonds	5,753,022	5,902,048	149,026 B
Lease liabilities	10,717	9,696	(1,021)
Commercial paper	161,000	183,000	22,000
<b>Wholly owned subsidiaries conducting</b>			
<b>fund procurement<sup>*1</sup></b>	6,328,964	7,169,867	840,903
Borrowings	2,065,361	2,169,431	104,070 C
Financial liabilities relating to sale of shares by prepaid forward contracts	4,263,603	5,000,436	736,833 D
<b>SB Northstar</b>	-	-	-
Borrowings	-	-	-
<b>SoftBank Vision Funds segment</b>			
<b>SVF1</b>	552,681	-	(552,681)
Borrowings	552,681	-	(552,681) E
<b>SVF2</b>	770,004	513,237	(256,767)
Borrowings	770,004	513,237	(256,767) E
<b>SBIA, SBLA Advisers Corp.</b>	14,873	15,152	279
Lease liabilities	14,873	15,152	279
<b>SoftBank segment</b>			
<b>SoftBank Corp.</b>	4,149,812	4,485,763	335,951
Borrowings	3,080,878	3,167,791	86,913
Corporate bonds	578,684	688,491	109,807
Lease liabilities	490,249	467,480	(22,769)
Commercial paper	1	162,001	162,000
<b>LY Corporation<sup>*2</sup></b>	1,268,867	1,192,281	(76,586)
Borrowings	608,177	624,844	16,667
Corporate bonds	578,987	484,203	(94,784)
Lease liabilities	81,703	83,234	1,531
<b>PayPay Corporation, PayPay Bank</b>			
<b>Corporation,<sup>*3</sup> PayPay Card Corporation</b>	396,075	471,417	75,342
<b>Other<sup>*2</sup></b>	319,937	322,430	2,493
<b>Others</b>			
Other interest-bearing debt	130,014	157,438	27,424
Lease liabilities	77,374	65,995	(11,379)
<b>Total</b>	20,315,191	20,934,701	619,510

## Notes:

- The interest-bearing debt of wholly owned subsidiaries engaged in fund procurement is nonrecourse to SBG.
- As of October 1, 2023, Z Holdings Corporation completed the intragroup reorganization, including the merger primarily involving the three companies: the company itself, LINE Corporation, and Yahoo Japan Corporation, and changed its trade name to LY Corporation. Amounts at the previous fiscal year-end have been restated retrospectively in accordance with the intragroup reorganization.
- Deposits for banking business of PayPay Bank Corporation are not included in interest-bearing debt.

**Reasons for changes from the previous fiscal year-end at core companies**

Components	Details
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**SBG and wholly owned subsidiaries conducting fund procurement, etc.**
**SBG**

<b>A Borrowings</b>	¥53.1 billion was borrowed through a hybrid loan in the first quarter.
<b>B Corporate bonds</b>	<ul style="list-style-type: none"> <li>· Domestic hybrid bonds with a face value of ¥222.0 billion were issued in the first quarter.</li> <li>· Foreign currency-denominated senior notes with face values of \$0.16 billion and 0.63 billion euros and domestic straight bonds with a face value of ¥19.5 billion were redeemed upon maturity in the first quarter.</li> <li>· Domestic hybrid bonds with a face value of ¥15.4 billion were early redeemed in the second quarter.</li> <li>· Foreign currency-denominated senior notes with face values of \$0.10 billion and 0.07 billion euros, as well as domestic straight bonds with a face value of ¥2.1 billion and domestic subordinated bonds with a face value of ¥20.9 billion, were repurchased from the market.</li> <li>· The carrying amount of foreign currency-denominated straight bonds increased due to a 6.2% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the quarter-end.</li> </ul>

**Wholly owned subsidiaries conducting fund procurement**

<b>C Borrowings</b>	<p>Borrowings of \$8.50 billion (balance at the previous fiscal year-end: ¥1,126.6 billion) made through asset-backed finance using Arm shares were repaid prior to the IPO of Arm in September 2023. After the IPO, new borrowings of \$8.50 billion were secured through a margin loan using Arm shares (balance at the third quarter-end: ¥1,194.1 billion). For details, see “(1) Components of interest-bearing debt” under “5. Interest-bearing debt” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”</p>
<b>D Financial liabilities relating to sale of shares by prepaid forward contracts</b>	<ul style="list-style-type: none"> <li>· \$4.39 billion was raised in the first quarter through prepaid forward contracts (forward contracts) using Alibaba shares.</li> <li>· Financial liabilities relating to sale of shares by prepaid forward contracts of ¥180,882 million (\$1.25 billion) were derecognized due to the physical settlement of a portion of the prepaid forward contracts using Alibaba shares in the third quarter.</li> <li>· The carrying amount increased due to a 6.2% depreciation of the yen against the U.S. dollar in the foreign currency exchange rate used for translations at the quarter-end.</li> </ul> <p>For details, see “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “5. Interest-bearing debt” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”</p>

**SoftBank Vision Funds segment**
**SVF1 and SVF2**

<b>E Borrowings</b>	<ul style="list-style-type: none"> <li>· SVF1 fully repaid \$4.16 billion in borrowings made through asset-backed financing.</li> <li>· SVF2 repaid \$2.19 billion in borrowings made through asset-backed financing.</li> </ul>
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**(c) Equity**

	March 31, 2023	December 31, 2023	(Millions of yen) Change
Common stock	238,772	238,772	-
Capital surplus	2,652,790	3,322,555	669,765 <b>A</b>
Other equity instruments	414,055	193,199	(220,856) <b>B</b>
Retained earnings	2,006,238	1,410,766	(595,472) <b>C</b>
Treasury stock	(38,791)	(23,449)	15,342
Accumulated other comprehensive income	3,756,785	4,633,139	876,354 <b>D</b>
Total equity attributable to owners of the parent	9,029,849	9,774,982	745,133
Non-controlling interests	1,619,366	1,937,628	318,262 <b>E</b>
<b>Total equity</b>	<b>10,649,215</b>	<b>11,712,610</b>	<b>1,063,395</b>

**Reasons for changes by primary component**

Components	Main reasons for changes from the previous fiscal year-end
<b>A</b> Capital surplus	In the second quarter, ¥674,370 million (\$4.65 billion) was recorded, representing the gain on the sale of Arm shares at the IPO. For details of the transaction, see “INTRAGROUP TRANSACTION OF ARM SHARES AND IPO OF ARM” under “(1) Overview of Results of Operations.”
<b>B</b> Other equity instruments	In the second quarter, the Company redeemed USD-denominated NC6 undated hybrid notes (\$2.00 billion) on the first voluntary call date. The notes had been classified as equity instruments under IFRSs.
<b>C</b> Retained earnings	Net loss attributable to owners of the parent of ¥458,723 million was recorded.
<b>D</b> Accumulated other comprehensive income	Exchange differences from the translation of foreign operations, which arose from translating foreign subsidiaries and associates into yen, increased by ¥852,563 million mainly due to the weaker yen against the U.S. dollar in the foreign currency exchange rate used for translations.
<b>E</b> Non-controlling interests	<ul style="list-style-type: none"> <li>· At the third quarter-end, the amount of non-controlling interests in Arm was ¥177,313 million.</li> <li>· SoftBank Corp. issued bond-type class shares in the amount of ¥120,000 million.</li> </ul>



### (3) Overview of Cash Flows

**1. Cash flows from operating activities resulted in net cash inflow of ¥149.7 billion, despite outlays for income taxes amounting to ¥854.9 billion and for the acquisition of corporate and government bonds by SB Northstar**

**2. Cash flows from investing activities: ¥919.2 billion cash outflow (net)**

- ◆ **Payments totaling ¥662.9 billion were made for investment acquisitions, primarily driven by the expansion of strategic investments by SBG and its wholly owned subsidiaries. Additionally, there was an increase in investments in bonds and other asset management products by PayPay Bank.**
- ◆ **Monetization and investments continued at SVF**
  - Payments for acquisition of investments by SVF: ¥203.9 billion
  - Proceeds from sales of investments by SVF: ¥567.6 billion
- ◆ **Proceeds of ¥96.8 billion were recorded from loss of control over subsidiaries mainly due to the sale of 85% of the shares of SB Energy, which was previously a wholly owned subsidiary of the Company.**
- ◆ **Outlays of ¥517.1 billion for the purchase of property, plant and equipment and intangible assets due to capital expenditure mainly at SoftBank**

**3. Cash flows from financing activities: ¥264.6 billion cash outflow (net)**

- ◆ **The Company received proceeds from the disposal of Arm shares and conducted financing through prepaid forward contracts using Alibaba shares, while repaying borrowings made by SVF through asset-backed finance**
  - Proceeds from interest-bearing debt: ¥4,646.1 billion
    - Main proceeds at SBG: ¥653.7 billion  
(from issuance of domestic hybrid bonds with a face value of ¥222.0 billion, short-term borrowings of ¥378.6 billion, and a hybrid loan of ¥53.1 billion)
    - Proceeds at wholly owned subsidiaries conducting fund procurement: ¥1,841.9 billion  
(\$8.50 billion through margin loan using listed Arm shares, \$4.39 billion through prepaid forward contracts using Alibaba shares)
  - Repayment of interest-bearing debt: ¥4,623.9 billion
    - Main outlays at SBG (redemption of bonds and repayment of short-term borrowings): ¥546.3 billion
    - Outlays at wholly owned subsidiaries conducting fund procurement: ¥1,236.2 billion  
(for repayment of asset-backed finance using Arm shares of \$8.50 billion)
    - Outlays at SVF: ¥922.4 billion  
(for repayment of borrowings totaling \$6.35 billion made through asset-backed finance at SVF1 and SVF2)
  - Distributions and repayments to third-party investors at SVF: ¥490.9 billion
  - Proceeds from the partial sales of shares of subsidiaries to non-controlling interests: ¥745.1 billion
    - Proceeds of \$5.12 billion from the disposal of Arm shares at its IPO
  - Payment for redemption of other equity instruments: ¥277.8 billion
    - Redemption of USD-denominated NC6 undated hybrid notes of \$2.00 billion
  - Proceeds from the issuance of other equity instruments in subsidiaries: ¥120.0 billion
    - SoftBank issued bond-type class shares in the amount of ¥120.0 billion.

**4. Balance of cash and cash equivalents at the third quarter-end and its changes**

- ◆ **The balance of cash and cash equivalents stood at ¥6,163.7 billion at the third quarter-end, a decrease of ¥761.5 billion from the previous fiscal year-end, as a result of cash flows from operating, investing, and financing activities, combined with the effect of exchange rate changes on cash and cash equivalents of ¥272.6 billion reflecting the weaker yen.**

## SIGNIFICANT NON-CASH TRANSACTIONS

During the period, the Company settled a portion of the prepaid forward contracts using Alibaba shares in physical form and acquired 48.8 million T-Mobile shares with no additional consideration after satisfying the condition for the Contingent Consideration. None of these transactions were cash transactions; therefore they had no impact on the consolidated cash flows. For details, see “(5) Significant non-cash transactions” under “13. Supplemental information to the condensed interim consolidated statement of cash flows” in “(6) Notes to Condensed Interim Consolidated Financial Statements” in “2. Condensed Interim Consolidated Financial Statements and Primary Notes.”

	(Millions of yen)		
	Nine months ended December 31		
	2022	2023	Change
Cash flows from operating activities	724,846	<b>149,707</b>	(575,139)
Cash flows from investing activities	463,212	<b>(919,178)</b>	(1,382,390)
Cash flows from financing activities	(875,878)	<b>(264,581)</b>	611,297
Effect of exchange rate changes on cash and cash equivalents	296,873	<b>272,602</b>	(24,271)
Increase (decrease) in cash and cash equivalents	609,053	<b>(761,450)</b>	(1,370,503)
Cash and cash equivalents at the beginning of the period	5,169,001	<b>6,925,153</b>	1,756,152
Cash and cash equivalents at the end of the period	5,778,054	<b>6,163,703</b>	385,649

### (a) Cash Flows from Operating Activities

Cash flows from operating activities resulted in a net inflow of ¥149,707 million. This was achieved despite outlays for income taxes amounting to ¥854,852 million and the acquisition of corporate bonds (primarily those of investment grades with short time to maturity) and government bonds by SB Northstar for the purpose of investing surplus funds.

The amount of income taxes paid included the payment of ¥358,178 million in income taxes by SBG. This was primarily due to the payment in the first quarter of income taxes on taxable income for the previous fiscal year arising in conjunction with the physical settlement of the prepaid forward contracts using Alibaba shares and an interim payment of income taxes of ¥118,026 million in the third quarter.

### (b) Cash Flows from Investing Activities

#### Primary components

Components	Primary details
Payments for acquisition of investments ¥(662,861) million	<ul style="list-style-type: none"> <li>· SBG and its wholly owned subsidiaries acquired mainly strategic investments for ¥274,583 million.</li> <li>· PayPay Bank Corporation acquired bonds and other asset management products for ¥267,056 million.</li> </ul>
Payments for acquisition of investments by SVF ¥(203,877) million	SVF invested \$1.45 billion in total.
Proceeds from sales of investments by SVF ¥567,571 million	SVF sold investments for a total of \$3.93 billion.

Components	Primary details
Proceeds from loss of control over subsidiaries ¥96,755 million	Mainly from the sale of 85% of the shares of SB Energy Corp., which was previously a wholly owned subsidiary of the Company.
Purchase of property, plant and equipment, and intangible assets ¥(517,060) million	SoftBank Corp. purchased property, plant and equipment, such as telecommunications equipment, and intangible assets, such as software.
Payments for loan receivables ¥(301,934) million	SVF2 fulfilled the guarantee obligations for the credit support for a letter of credit facility \$1.43 billion to WeWork provided by financial institutions.

### (c) Cash Flows from Financing Activities

#### Primary components

Components	Primary details
Proceeds in short-term interest-bearing debt, net ¥157,596 million <sup>*1</sup> (Proceeds and payments for interest-bearing debt (current liabilities) with fast turnover and short maturities)	<ul style="list-style-type: none"> <li>· Short-term borrowings and commercial paper increased by ¥160,447 million (net) at SoftBank Corp.</li> <li>· Short-term borrowings and commercial paper decreased by ¥30,097 million (net) at LY Corporation and its subsidiaries.</li> </ul>
Proceeds from interest-bearing debt (total of A through C below) ¥4,646,078 million	
<b>A</b> Proceeds from borrowings ¥3,698,451 million <sup>*2</sup>	<ul style="list-style-type: none"> <li>· SBG made short-term borrowings of ¥378,636 million and procured ¥53,100 million through a hybrid loan.</li> <li>· A wholly owned subsidiary conducting fund procurement raised a total of ¥1,236,240 million (\$8.50 billion) through a margin loan using listed Arm shares.</li> <li>· SoftBank Corp. procured ¥809,271 million mainly through the securitization of installment sales receivable and sale-and-leaseback transactions. The company also issued commercial paper for ¥233,000 million.</li> <li>· A subsidiary of LY Corporation made short-term borrowings of ¥530,000 million associated with an increase in demand for personal unsecured loan services.</li> </ul>
<b>B</b> Proceeds from issuance of corporate bonds ¥342,000 million	<ul style="list-style-type: none"> <li>· SBG issued domestic hybrid bonds totaling ¥222,000 million.</li> <li>· SoftBank Corp. issued domestic straight bonds totaling ¥120,000 million.</li> </ul>
<b>C</b> Proceeds from procurement by prepaid forward contracts using shares ¥605,627 million	Wholly owned subsidiaries conducting fund procurement raised a total of \$4.39 billion through prepaid forward contracts (forward contracts) using Alibaba shares.

Components	Primary details
Repayment of interest-bearing debt ¥(4,623,903) million	
A Repayment of borrowings ¥(4,335,652) million <sup>*2</sup>	<ul style="list-style-type: none"> <li>· SBG repaid short-term borrowings of ¥365,550 million.</li> <li>· A wholly owned subsidiary conducting fund procurement repaid borrowings of ¥1,236,240 million (\$8.50 billion) made through asset-backed finance using Arm shares.</li> <li>· SVF1 and SVF2 repaid ¥604,823 million (\$4.16 billion) and ¥317,547 million (\$2.19 billion), respectively, in borrowings made through asset-backed finance.</li> <li>· SoftBank Corp. repaid ¥884,323 million in borrowings made mainly through the securitization of installment sales receivable and sale-and-leaseback transactions. It also redeemed ¥81,000 million in commercial paper.</li> <li>· A subsidiary of LY Corporation repaid short-term borrowings of ¥514,000 million made in association with an increase in demand for personal unsecured loan services.</li> </ul>
B Redemption of corporate bonds ¥(285,706) million	<p>SBG repurchased foreign currency-denominated senior notes of \$0.10 billion and 0.07 billion euros, domestic straight bonds of ¥2,100 million, and domestic subordinated bonds of ¥20,900 million and redeemed foreign currency-denominated senior notes of \$0.16 billion and 0.63 billion euros and domestic straight bonds of ¥19,500 million upon maturity, and carried out an early redemption of domestic hybrid bonds amounting to ¥15,400 million.</p> <ul style="list-style-type: none"> <li>· SoftBank Corp. redeemed domestic straight bonds of ¥10,000 million upon maturity.</li> <li>· LY Corporation redeemed domestic straight bonds of ¥95,000 million upon maturity.</li> </ul> <p>All of the above amounts are face values.</p>
Distribution/repayment from SVF to third-party investors ¥(490,877) million	SVF1 made distributions to third-party investors.
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests ¥745,082 million	The Company received the proceeds of \$5.12 billion from the disposal of Arm shares at the IPO.
Redemption of other equity instruments ¥(277,760) million	The Company redeemed USD-denominated NC6 undated hybrid notes with a face value of \$2.00 billion. These notes were classified as equity instruments under IFRSs. The effects arising from forward exchange contracts are recorded in “Other” under cash flows from financing activities.
Proceeds from the issuance of other equity instruments in subsidiaries ¥120,000 million	SoftBank Corp. issued bond-type class shares in the amount of ¥120,000 million.

Components	Primary details
Cash dividends paid ¥(64,207) million	SBG paid dividends.
Cash dividends paid to non-controlling interests ¥(285,280) million	SoftBank Corp., LY Corporation, and other subsidiaries paid dividends to non-controlling interests.

Notes:

1. "Proceeds in short-term interest-bearing debt, net" represents cash flows from financing activities that meet the requirement of "Reporting cash flows on a net basis" under IFRSs.
2. "Proceeds from borrowings" and "Repayment of borrowings" include proceeds of ¥1,376,692 million and outlays of ¥1,235,369 million related to borrowings with a contracted term of one year or less.

**(4) Forecasts**

The Company does not provide forecasts of consolidated results of operations as they are difficult to project due to numerous uncertainties affecting earnings.

**Notes to “1. Results of Operations”**

- 1 Includes share exchanges, acquisitions, and disposals as a result of restructuring of portfolio companies
- 2 Interest expenses of SBG include interest expenses of its wholly owned subsidiaries conducting fund procurement.
- 3 Until Alibaba was excluded from the associates of the Company in the second quarter of the previous fiscal year, the Company had applied the equity method to Alibaba’s consolidated financial statements for the reporting periods staggered by the previous three months because it was impracticable to align the reporting periods with Alibaba due to various factors, such as contracts with Alibaba. Necessary adjustments were made to reflect significant transactions and events announced by Alibaba during the staggered three-month period.
- 4 After deducting transaction fees, etc.
- 5 Drawn capital of SVF1 excludes the amount repaid to limited partners due to investment plan changes and other reasons after the capital was drawn.
- 6 This analysis is based on the actual shipments of royalty units (chips incorporating Arm technology) by Arm licensees for nine months ended September 30, 2023, as reported by licensees in the royalty reports. Arm’s licensees report their actual shipments of royalty units one quarter in arrears, and therefore, the royalty unit analysis in this report is based on chips shipped for nine months ended September 30, 2023. In contrast, royalty revenues are accrued in the same quarter the chips are shipped based on estimates. Royalty unit data for 2022 has been restated based on updated information received from its licensees in the first quarter.
- 7 IDC Worldwide Quarterly Mobile Phone Tracker, October 2023

## 2. Condensed Interim Consolidated Financial Statements and Primary Notes

(Definitions of company names and abbreviations used in the condensed interim consolidated financial statements and primary notes)

Company names and abbreviations used in the condensed interim consolidated financial statements and primary notes, unless otherwise stated or interpreted differently in the context, are as follows:

Company names / Abbreviations	Definition
SoftBank Group Corp.	SoftBank Group Corp. (stand-alone basis)
The Company	SoftBank Group Corp. and its subsidiaries
* Each of the following names or abbreviations indicates the respective company and its subsidiaries, if any.	
SB Northstar or the asset management subsidiary	SB Northstar LP
SVF1	SoftBank Vision Fund L.P. and its alternative investment vehicles
SVF2	SoftBank Vision Fund II-2 L.P.
SVF2 LLC	SVF II Investment Holdings LLC
LatAm Funds	SBLA Latin America Fund LLC
SLA LLC	SLA Holdco II LLC
SVF	SVF1, SVF2, and LatAm Funds
SBIA	SB Investment Advisers (UK) Limited
SBGA	SB Global Advisers Limited
Arm	Arm Holdings plc or Arm Limited*
Fortress	Fortress Investment Group LLC
WeWork	WeWork Inc.
Sprint	Sprint Corporation
T-Mobile	T-Mobile US, Inc. after merging with Sprint
Alibaba	Alibaba Group Holding Limited
MgmtCo	MASA USA LLC

Note:

\* A corporate reorganization was undertaken in August 2023, pursuant to which Arm Holdings Limited, a former subsidiary of Arm Limited, acquired all the issued ordinary shares of Arm Limited, thereby making it a wholly-owned subsidiary. Subsequently, Arm Holdings Limited changed its name to Arm Holdings plc and was listed on the Nasdaq Global Select Market through an initial public offering on September 14, 2023.

**(1) Condensed Interim Consolidated Statement of Financial Position**

	(Millions of yen)	
	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,925,153	6,163,703
Trade and other receivables	2,594,736	2,805,284
Derivative financial assets	249,414	609,340
Other financial assets	371,313	615,649
Inventories	163,781	181,157
Other current assets	282,085	551,966
Total current assets	<u>10,586,482</u>	<u>10,927,099</u>
<b>Non-current assets</b>		
Property, plant and equipment	1,781,142	1,851,821
Right-of-use assets	858,577	787,536
Goodwill	5,199,480	5,419,501
Intangible assets	2,409,641	2,420,489
Costs to obtain contracts	332,856	320,802
Investments accounted for using the equity method	730,440	840,304
Investments from SVF (FVTPL)	10,489,722	10,727,854
Investment securities	7,706,501	8,619,868
Derivative financial assets	1,170,845	383,299
Other financial assets	2,303,620	2,316,355
Deferred tax assets	210,823	200,156
Other non-current assets	156,239	168,666
Total non-current assets	<u>33,349,886</u>	<u>34,056,651</u>
<b>Total assets</b>	<u><u>43,936,368</u></u>	<u><u>44,983,750</u></u>



	(Millions of yen)	
	As of March 31, 2023	As of December 31, 2023
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Interest-bearing debt	5,129,047	6,624,005
Lease liabilities	184,105	152,722
Deposits for banking business	1,472,260	1,625,530
Trade and other payables	2,416,872	2,587,647
Derivative financial liabilities	82,612	228,367
Other financial liabilities	180,191	56,610
Income taxes payable	367,367	121,383
Provisions	72,350	62,191
Other current liabilities	675,920	630,384
<b>Total current liabilities</b>	<u>10,580,724</u>	<u>12,088,839</u>
<b>Non-current liabilities</b>		
Interest-bearing debt	14,349,147	13,501,053
Lease liabilities	652,892	656,921
Third-party interests in SVF	4,499,369	4,666,903
Derivative financial liabilities	899,351	71,738
Other financial liabilities	58,545	39,612
Provisions	163,627	168,956
Deferred tax liabilities	1,828,557	1,787,259
Other non-current liabilities	254,941	289,859
<b>Total non-current liabilities</b>	<u>22,706,429</u>	<u>21,182,301</u>
<b>Total liabilities</b>	<u>33,287,153</u>	<u>33,271,140</u>
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Common stock	238,772	238,772
Capital surplus	2,652,790	3,322,555
Other equity instruments	414,055	193,199
Retained earnings	2,006,238	1,410,766
Treasury stock	(38,791)	(23,449)
Accumulated other comprehensive income	3,756,785	4,633,139
<b>Total equity attributable to owners of the parent</b>	<u>9,029,849</u>	<u>9,774,982</u>
<b>Non-controlling interests</b>	<u>1,619,366</u>	<u>1,937,628</u>
<b>Total equity</b>	<u>10,649,215</u>	<u>11,712,610</u>
<b>Total liabilities and equity</b>	<u><u>43,936,368</u></u>	<u><u>44,983,750</u></u>

**(2) Condensed Interim Consolidated Statement of Profit or Loss and Condensed Interim Consolidated Statement of Comprehensive Income**

For the nine-month period ended December 31

Condensed Interim Consolidated Statement of Profit or Loss

(Millions of yen)

	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023
<b>Net sales</b>	4,875,773	5,001,901
Cost of sales	(2,296,650)	(2,336,720)
<b>Gross profit</b>	2,579,123	2,665,181
<b>Gain on investments</b>		
Gain (loss) on investments at Investment Business of Holding Companies	3,699,600	(583,428)
Loss on investments at SoftBank Vision Funds	(5,006,755)	(51,994)
Gain (loss) on other investments	(54,011)	96,473
<b>Total gain on investments</b>	(1,361,166)	(538,949)
Selling, general and administrative expenses	(1,921,115)	(2,123,591)
Finance cost	(433,508)	(426,796)
Foreign exchange loss	(727,984)	(308,202)
Loss on equity method investments	(70,611)	(37,111)
Derivative gain (excluding gain (loss) on investments)	619,587	1,180,266
Change in third-party interests in SVF	1,145,779	(378,397)
Other gain (loss)	(120,142)	231,674
<b>Income before income tax</b>	(290,037)	264,075
Income taxes	(468,203)	(383,753)
<b>Net income</b>	(758,240)	(119,678)
<b>Net income attributable to</b>		
Owners of the parent	(912,513)	(458,723)
Non-controlling interests	154,273	339,045
<b>Net income</b>	(758,240)	(119,678)
<b>Earnings per share</b>		
Basic earnings per share (Yen)	(599.97)	(325.46)
Diluted earnings per share (Yen)	(608.51)	(328.78)

Condensed Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023
<b>Net income</b>	(758,240)	(119,678)
<b>Other comprehensive income, net of tax</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of defined benefit plan	-	(114)
Equity financial assets at FVTOCI	11,517	8,076
Share of other comprehensive income of associates	-	327
Total items that will not be reclassified to profit or loss	11,517	8,289
<b>Items that may be reclassified subsequently to profit or loss</b>		
Debt financial assets at FVTOCI	(2,012)	(637)
Cash flow hedges	(54,198)	20,737
Exchange differences on translating foreign operations	1,122,339	845,652
Share of other comprehensive income of associates	91,159	(2,538)
Total items that may be reclassified subsequently to profit or loss	1,157,288	863,214
<b>Total other comprehensive income, net of tax</b>	1,168,805	871,503
<b>Total comprehensive income</b>	410,565	751,825
<b>Total comprehensive income attributable to</b>		
Owners of the parent	260,031	418,134
Non-controlling interests	150,534	333,691
<b>Total comprehensive income</b>	410,565	751,825

For the three-month period ended December 31

Condensed Interim Consolidated Statement of Profit or Loss

(Millions of yen)

	Three-month period ended December 31, 2022	Three-month period ended December 31, 2023
<b>Net sales</b>	1,693,296	1,774,841
Cost of sales	(835,502)	(841,977)
<b>Gross profit</b>	857,794	932,864
<b>Gain on investments</b>		
Gain (loss) on investments at Investment Business of Holding Companies	174,945	(169,898)
Gain (loss) on investments at SoftBank Vision Funds	(653,213)	531,288
Gain (loss) on other investments	(33,300)	63,216
<b>Total gain on investments</b>	(511,568)	424,606
Selling, general and administrative expenses	(666,775)	(769,519)
Finance cost	(119,291)	(131,612)
Foreign exchange gain	367,442	339,884
Loss on equity method investments	(15,741)	(2,491)
Derivative gain (loss) (excluding gain (loss) on investments)	(410,193)	478,548
Change in third-party interests in SVF	127,038	(152,132)
Other gain (loss)	(211,379)	51,352
<b>Income before income tax</b>	(582,673)	1,171,500
Income taxes	(162,005)	(186,025)
<b>Net income</b>	(744,678)	985,475
<b>Net income attributable to</b>		
Owners of the parent	(783,415)	950,004
Non-controlling interests	38,737	35,471
<b>Net income</b>	(744,678)	985,475
<b>Earnings per share</b>		
Basic earnings per share (Yen)	(527.14)	645.35
Diluted earnings per share (Yen)	(534.33)	642.83

Condensed Interim Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three-month period ended December 31, 2022	Three-month period ended December 31, 2023
<b>Net income</b>	(744,678)	985,475
<b>Other comprehensive income, net of tax</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of defined benefit plan	-	(114)
Equity financial assets at FVTOCI	(4,516)	(1,983)
Share of other comprehensive income of associates	-	327
Total items that will not be reclassified to profit or loss	(4,516)	(1,770)
<b>Items that may be reclassified subsequently to profit or loss</b>		
Debt financial assets at FVTOCI	(1,076)	583
Cash flow hedges	18,579	25,492
Exchange differences on translating foreign operations	(1,388,946)	(929,792)
Share of other comprehensive income of associates	(10,002)	2,678
Total items that may be reclassified subsequently to profit or loss	(1,381,445)	(901,039)
<b>Total other comprehensive income, net of tax</b>	(1,385,961)	(902,809)
<b>Total comprehensive income</b>	(2,130,639)	82,666
<b>Total comprehensive income attributable to</b>		
Owners of the parent	(2,192,018)	40,956
Non-controlling interests	61,379	41,710
<b>Total comprehensive income</b>	(2,130,639)	82,666

### (3) Condensed Interim Consolidated Statement of Changes in Equity

For the nine-month period ended December 31, 2022

(Millions of yen)

	Equity attributable to owners of the parent						Total
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
<b>As of April 1, 2022</b>	238,772	2,634,574	496,876	4,515,704	(406,410)	2,496,158	9,975,674
<b>Comprehensive income</b>							
Net income	-	-	-	(912,513)	-	-	(912,513)
Other comprehensive income	-	-	-	-	-	1,172,544	1,172,544
<b>Total comprehensive income</b>	-	-	-	(912,513)	-	1,172,544	260,031
<b>Transactions with owners and other transactions</b>							
Cash dividends	-	-	-	(70,327)	-	-	(70,327)
Distribution to owners of other equity instruments	-	-	-	(21,240)	-	-	(21,240)
Redemption and cancellation of other equity instruments	-	-	(82,821)	(21,776)	-	-	(104,597)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	2,004	-	(2,004)	-
Purchase and disposal of treasury stock	-	-	-	(878)	(1,048,046)	-	(1,048,924)
Changes from loss of control	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	4,317	-	-	-	-	4,317
Changes in associates' interests in their subsidiaries	-	(5,845)	-	-	-	-	(5,845)
Changes in interests in associates' capital surplus	-	21,223	-	-	-	-	21,223
Share-based payment transactions	-	(150)	-	-	-	-	(150)
Other	-	(1,511)	-	-	-	-	(1,511)
<b>Total transactions with owners and other transactions</b>	-	18,034	(82,821)	(112,217)	(1,048,046)	(2,004)	(1,227,054)
<b>As of December 31, 2022</b>	238,772	2,652,608	414,055	3,490,974	(1,454,456)	3,666,698	9,008,651

(Millions of yen)

	Non- controlling interests	Total equity
<b>As of April 1, 2022</b>	1,732,088	11,707,762
<b>Comprehensive income</b>		
Net income	154,273	(758,240)
Other comprehensive income	(3,739)	1,168,805
<b>Total comprehensive income</b>	150,534	410,565
<b>Transactions with owners and other transactions</b>		
Cash dividends	(287,689)	(358,016)
Distribution to owners of other equity instruments	-	(21,240)
Redemption and cancellation of other equity instruments	-	(104,597)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	(1,048,924)
Changes from loss of control	(5,195)	(5,195)
Changes in interests in subsidiaries	28,548	32,865
Changes in associates' interests in their subsidiaries	-	(5,845)
Changes in interests in associates' capital surplus	-	21,223
Share-based payment transactions	25,084	24,934
Other	(58,433)	(59,944)
<b>Total transactions with owners and other transactions</b>	(297,685)	(1,524,739)
<b>As of December 31, 2022</b>	1,584,937	10,593,588

For the nine-month period ended December 31, 2023

(Millions of yen)

	Equity attributable to owners of the parent						Total
	Common stock	Capital surplus	Other equity instruments	Retained earnings	Treasury stock	Accumulated other comprehensive income	
<b>As of April 1, 2023</b>	238,772	2,652,790	414,055	2,006,238	(38,791)	3,756,785	9,029,849
<b>Comprehensive income</b>							
Net income	-	-	-	(458,723)	-	-	(458,723)
Other comprehensive income	-	-	-	-	-	876,857	876,857
<b>Total comprehensive income</b>	-	-	-	(458,723)	-	876,857	418,134
<b>Transactions with owners and other transactions</b>							
Cash dividends	-	-	-	(64,433)	-	-	(64,433)
Distribution to owners of other equity instruments	-	-	-	(16,708)	-	-	(16,708)
Redemption and cancellation of other equity instruments	-	(793)	(220,856)	(56,111)	-	-	(277,760)
Transfer of accumulated other comprehensive income to retained earnings	-	-	-	503	-	(503)	-
Purchase and disposal of treasury stock	-	793	-	-	15,342	-	16,135
Changes from loss of control	-	-	-	-	-	-	-
Changes in interests in subsidiaries	-	673,274	-	-	-	-	673,274
Issuance of other equity instruments in subsidiaries	-	-	-	-	-	-	-
Changes in interests in associates' capital surplus	-	(91)	-	-	-	-	(91)
Share-based payment transactions	-	(3,418)	-	-	-	-	(3,418)
Other	-	-	-	-	-	-	-
<b>Total transactions with owners and other transactions</b>	-	669,765	(220,856)	(136,749)	15,342	(503)	326,999
<b>As of December 31, 2023</b>	238,772	3,322,555	193,199	1,410,766	(23,449)	4,633,139	9,774,982



(Millions of yen)

	Non- controlling interests	Total equity
<b>As of April 1, 2023</b>	1,619,366	10,649,215
<b>Comprehensive income</b>		
Net income	339,045	(119,678)
Other comprehensive income	(5,354)	871,503
<b>Total comprehensive income</b>	333,691	751,825
<b>Transactions with owners and other transactions</b>		
Cash dividends	(287,830)	(352,263)
Distribution to owners of other equity instruments	-	(16,708)
Redemption and cancellation of other equity instruments	-	(277,760)
Transfer of accumulated other comprehensive income to retained earnings	-	-
Purchase and disposal of treasury stock	-	16,135
Changes from loss of control	(5,121)	(5,121)
Changes in interests in subsidiaries	75,769	749,043
Issuance of other equity instruments in subsidiaries	120,000	120,000
Changes in interests in associates' capital surplus	-	(91)
Share-based payment transactions	78,581	75,163
Other	3,172	3,172
<b>Total transactions with owners and other transactions</b>	(15,429)	311,570
<b>As of December 31, 2023</b>	1,937,628	11,712,610

**(4) Condensed Interim Consolidated Statement of Cash Flows**

	(Millions of yen)	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023
<b>Cash flows from operating activities</b>		
Net income	(758,240)	(119,678)
Depreciation and amortization	656,107	641,872
(Gain) loss on investments at Investment Business of Holding Companies	(3,779,022)	572,460
Loss on investments at SoftBank Vision Funds	5,006,755	51,994
Finance cost	433,508	426,796
Foreign exchange loss	727,984	308,202
Loss on equity method investments	70,611	37,111
Derivative gain (excluding (gain) loss on investments)	(619,587)	(1,180,266)
Change in third-party interests in SVF	(1,145,779)	378,397
Loss (gain) on other investments and other loss (gain)	174,153	(328,147)
Income taxes	468,203	383,753
Decrease (increase) in investments from asset management subsidiaries	144,271	(145,815)
Increase/decrease in derivative financial assets and derivative financial liabilities in asset management subsidiaries	48,961	(253)
Decrease (increase) in restricted cash in asset management subsidiaries	138,915	(8,154)
(Decrease) increase in borrowed securities in asset management subsidiaries	(131,796)	8,610
Increase in trade and other receivables	(403,587)	(322,784)
Increase in inventories	(28,338)	(16,040)
Increase in trade and other payables	421,515	267,967
Other	32,084	121,532
Subtotal	1,456,718	1,077,557
Interest and dividends received	52,074	186,206
Interest paid	(309,251)	(326,715)
Income taxes paid	(584,489)	(854,852)
Income taxes refunded	109,794	67,511
Net cash provided by operating activities	724,846	149,707

	(Millions of yen)	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023
<b>Cash flows from investing activities</b>		
Payments for acquisition of investments	(222,808)	(662,861)
Proceeds from sales/redemption of investments	584,524	159,198
Payments for acquisition of investments by SVF	(384,567)	(203,877)
Proceeds from sales of investments by SVF	681,059	567,571
Payments for acquisition of investments by asset management subsidiaries	-	(76,877)
Proceeds from loss of control over subsidiaries	6,998	96,755
Payments for acquisition of marketable securities for short-term trading	(61,541)	(39,850)
Proceeds from sales/redemption of marketable securities for short-term trading	69,505	51,443
Purchase of property, plant and equipment, and intangible assets	(499,634)	(517,060)
Payments for loan receivables	(14,007)	(301,934)
Collection of loan receivables	91,608	92,302
Proceeds from withdrawal of trust accounts in SPACs	125,127	-
Other	86,948	(83,988)
Net cash provided by (used in) investing activities	463,212	(919,178)
<b>Cash flows from financing activities</b>		
Proceeds in short-term interest-bearing debt, net	15,357	157,596
Proceeds from interest-bearing debt	6,485,867	4,646,078
Repayment of interest-bearing debt	(5,074,939)	(4,623,903)
Repayment of lease liabilities	(203,650)	(164,521)
Contributions into SVF from third-party investors	17,857	-
Distribution/repayment from SVF to third-party investors	(465,606)	(490,877)
Proceeds from the partial sales of shares of subsidiaries to non-controlling interests	724	745,082
Redemption of non-controlling interests subject to possible redemption	(125,127)	-
Redemption of other equity instruments	(104,597)	(277,760)
Distribution to owners of other equity instruments	(21,240)	(16,708)
Proceeds from the issuance of other equity instruments in subsidiaries	-	120,000
Purchase of treasury stock	(1,055,433)	(4)
Cash dividends paid	(70,061)	(64,207)
Cash dividends paid to non-controlling interests	(285,978)	(285,280)
Other	10,948	(10,077)
Net cash used in financing activities	(875,878)	(264,581)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	296,873	272,602
<b>Increase (decrease) in cash and cash equivalents</b>	609,053	(761,450)
<b>Cash and cash equivalents at the beginning of the period</b>	5,169,001	6,925,153
<b>Cash and cash equivalents at the end of the period</b>	5,778,054	6,163,703

## (5) Significant Doubt about Going Concern Assumption

There are no applicable items.

## (6) Notes to Condensed Interim Consolidated Financial Statements

### 1. Changes in presentation

(Condensed interim consolidated statement of cash flows)

Cash flows from financing activities

“Proceeds from the partial sales of shares of subsidiaries to non-controlling interests,” which was included in “Other” in the past fiscal year, is separately presented for the nine-month period ended December 31, 2023 since the amount increased and became significant. In order to reflect the change in presentation, ¥724 million, which was included in “Other” for the nine-month period ended December 31, 2022, is reclassified as “Proceeds from the partial sales of shares of subsidiaries to non-controlling interests.”

### 2. Material accounting policies

Material accounting policies applied to the condensed interim consolidated financial statements are consistent with the accounting policies applied to the consolidated financial statements for the fiscal year ended March 31, 2023. In addition, income taxes for the nine-month period ended December 31, 2023 are calculated based on the estimated effective tax rate for the fiscal year.

Material accounting policies for the SoftBank Vision Funds segment are consistent with the accounting policies applied to the consolidated financial statements for the fiscal year ended March 31, 2023. The details are described as follows.

(Material accounting policies for the SoftBank Vision Funds segment)

For SVF1, SVF2, and LatAm Funds, the Company applies the following accounting policies.

#### a. Consolidation of SVF1, SVF2, and LatAm Funds by the Company

SVF1 and SVF2 are limited partnerships established by their respective general partners which are wholly-owned subsidiaries of the Company (SVF2 owns limited liability companies including SVF2 LLC) and are qualified as structured entities by their forms of organization. SVF1 and SVF2 are consolidated by the Company for the following reasons.

As of December 31, 2023, SVF1 and SVF2 are managed by SBIA and SBGA, respectively, which are wholly-owned subsidiaries of the Company in the UK. SVF1 and SVF2 make investment decisions through each investment committee, which was established in SBIA and SBGA, respectively. As such, the Company has power as defined under IFRS 10 “Consolidated Financial Statements” over SVF1 and SVF2. Furthermore, SBIA receives performance fees and SBGA receives performance-linked management fees. The Company

receives distributions attributable to limited partners based on the investment performance as returns from SVF1 and SVF2. The Company has the ability to affect those returns through its power over SVF1 and SVF2, and therefore, the Company is deemed to have control as stipulated in IFRS 10 “Consolidated Financial Statements” over SVF1 and SVF2.

LatAm Funds is a limited liability company in which a wholly-owned subsidiary of the Company invests (LatAm Funds owns limited partnerships and the other forms of entities). LatAm Funds is consolidated by the Company as it holds more than one-half of the voting rights of LatAm Funds.

Inter-company transactions, such as management fees and performance fees to SBIA paid or to be paid, as applicable, from SVF1, and management fees, performance-linked management fees, and performance fees to SBGA paid or to be paid, as applicable, from SVF2 or LatAm Funds, are eliminated in consolidation.

b. Portfolio company investments made by SVF1, SVF2, and LatAm Funds

(a) Investments in subsidiaries

Of the portfolio company investments made by SVF1, SVF2, and LatAm Funds, the portfolio companies that the Company is deemed to control under IFRS 10 “Consolidated Financial Statements” are subsidiaries of the Company. Accordingly, their results of operations, assets, and liabilities are included in the Company’s condensed interim consolidated financial statements.

Gain and loss on investments in the subsidiaries of the Company which are recognized in SVF1, SVF2, and LatAm Funds are eliminated in consolidation.

(b) Investments in associates and joint ventures

Of the portfolio company investments made by SVF1, SVF2, and LatAm Funds, the portfolio companies over which the Company has significant influence under IAS 28 “Investments in Associates and Joint Ventures” are associates of the Company, and the portfolio companies that are joint ventures of the Company when, as defined under IFRS 11 “Joint Arrangements,” SVF1, SVF2, and LatAm Funds have joint control with other investors under contractual arrangements and the investors have rights to the net assets of the arrangement.

The investments in associates and joint ventures of the Company made by SVF1, SVF2, and LatAm Funds are accounted for as financial assets at FVTPL in accordance with Paragraph 18 of IAS 28 “Investments in Associates and Joint Ventures” and presented as “Investments from SVF (FVTPL)” in the condensed interim consolidated statement of financial position. The payments for these investments are presented as “Payments for acquisition of investments by SVF” and the proceeds from sales of these investments are presented as “Proceeds from sales of investments by SVF” under cash flows from investing activities in the condensed interim consolidated statement of cash flows.

If the investments in associates and joint ventures that were transferred from SoftBank Group Corp. and its subsidiaries to SVF1, SVF2, or LatAm Funds were accounted for using the equity method prior to the transfer, these investments continue to be accounted for using the equity method after the transfer to SVF1, SVF2, or LatAm Funds and presented as “Investments accounted for using the equity method” in the condensed interim consolidated statement of financial position.

Gain and loss on the investments which were recognized in SVF1, SVF2, or LatAm Funds are eliminated in consolidation and gain and loss on the investments accounted for using the equity method are presented as “Income (loss) on equity method investments” in the condensed interim consolidated statement of profit or loss.

(c) Other investments

Investments other than those in associates or joint ventures of the Company made by SVF1, SVF2, and LatAm Funds are accounted for as financial assets at FVTPL. The presentation of these investments in the condensed interim consolidated statement of financial position and the condensed interim consolidated statement of cash flows is the same as the above “(b) Investments in associates and joint ventures.”

c. Contribution from limited partners in SVF1 and SVF2, and investors in LatAm Funds, SVF2 LLC, and SLA LLC (collectively “SVF Investors”)

(a) Contribution from SVF Investors other than the Company (“Third-Party Investors,” and each a “Third-Party Investor”)

The interests attributable to Third-Party Investors in SVF1, SVF2, and LatAm Funds are classified as financial liabilities, “Third-party interests in SVF” in the condensed interim consolidated statement of financial position, due to the predetermined finite life and contractual payment provision to each of Third-Party Investors at the end of the finite life within the constitutional agreements relating to SVF1, SVF2, and LatAm Funds. The liabilities are classified as “financial liabilities measured at amortized cost” upon initial recognition. The carrying amounts attributable to Third-Party Investors represent the amounts that would be distributed in accordance with the constitutional agreements in a theoretical liquidation scenario at the end of each quarter.

Third-Party Investor in SVF2 and LatAm Funds is entitled to make full or partial payments of its investments and related adjustments at any point in time, at its discretion, from the date it became an investor in SVF2 LLC or SLA LLC to the end of company life of SVF2 LLC or SLA LLC, and as of December 31, 2023, the Company has recognized receivables from Third-Party Investor. The receivables are included in “Other financial assets (non-current)” in the condensed interim consolidated statement of financial position.

“Third-party interests in SVF” fluctuates due to the results of SVF1, SVF2, and LatAm Funds in addition to contributions from Third-Party Investors and distributions and repayments of investments to Third-Party Investors. The fluctuations due to the results of SVF1, SVF2, and LatAm Funds are presented as “Change in third-party interests in SVF” in the condensed interim consolidated statement of profit or loss.

Contributions from Third-Party Investors are included in “Contributions into SVF from third-party investors” under cash flows from financing activities in the condensed interim consolidated statement of cash flows. The distributions and repayments of investments to Third-Party Investors are included in “Distribution/repayment from SVF to third-party investors” under cash flows from financing activities in the condensed interim consolidated statement of cash flows. No cash contributions into SVF2 and LatAm Funds from Third-Party Investors and no cash distributions/repayments from SVF2 and LatAm Funds to Third-Party Investors were made as of December 31, 2023.

Uncalled committed capital from Third-Party Investors is not subject to IFRS 9 “Financial Instruments,” and, therefore, such amount is not recorded in the condensed interim consolidated statement of financial position.

(b) Contribution from the Company

Contributions to SVF1, SVF2, and LatAm Funds from the Company are eliminated in consolidation.

### 3. Segment information

#### (1) Description of reportable segments

The Company's reportable segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by the Company's Board of Directors in order to make decisions about the allocation of resources and assess its performance.

The Company has four reportable segments, the Investment Business of Holding Companies segment, the SoftBank Vision Funds segment, the SoftBank segment, and the Arm segment.

The Investment Business of Holding Companies segment conducts, mainly through SoftBank Group Corp. as a strategic investment holding company, investment activities in a wide range of sectors in Japan and overseas directly or through subsidiaries of the Company. The Investment Business of Holding Companies segment consists of SoftBank Group Corp., SoftBank Group Capital Limited, SoftBank Group Japan Corporation, SB Northstar that is an asset management subsidiary, and certain subsidiaries of the Company that conduct investment or funding. Gain and loss on investments at Investment Business of Holding Companies consist of gain and loss arising from investments held directly by SoftBank Group Corp. or through subsidiaries of the Company. However, gain and loss on investments relating to investments in subsidiaries, including dividend income from subsidiaries and impairment loss on investments in subsidiaries, are excluded.

The SoftBank Vision Funds segment conducts, mainly through SVF1, SVF2, and LatAm Funds, investment activities in a wide range of technology sectors. Primarily, gain and loss on investments at SVF1, SVF2, LatAm Funds, and others consist of gain and loss arising from investments held by SVF1, SVF2, and LatAm Funds including the investment in the Company's subsidiary.

The SoftBank segment provides, mainly through SoftBank Corp., mobile services, sale of mobile devices, broadband services, and solution services in Japan, through LY Corporation\*, media, advertising and commerce related services, and through PayPay Corporation, payment and financial services.

The Arm segment provides, through Arm, designs of microprocessor intellectual property and related technology, sale of software tools, and related services.

Information on business segments, which is not included in the reportable segments, is classified as "Other." "Other" includes mainly Fortress and the Fukuoka SoftBank HAWKS-related operations.

"Reconciliations" includes an elimination of intersegment transactions, as well as an elimination of gain and loss on the investment in shares in Arm and PayPay Corporation, subsidiaries of the Company, and WeWork, an equity method associate, and others, which are included in segment income of the SoftBank Vision Funds segment.

Note:

\* Effective on October 1, 2023, the reorganization procedures involving Z Holdings Corporation (the surviving company) and its core subsidiaries, primarily LINE Corporation, and Yahoo Japan Corporation have been completed. On the same date, Z Holdings Corporation was renamed to LY Corporation, LINE Corporation to Z Intermediate Global Corporation, and Yahoo Japan Corporation was dissolved.



## (2) Net sales and income of reportable segments

Income of reportable segments is defined as “Income before income tax.” As in the condensed interim consolidated statement of profit or loss, “Gain (loss) on investments” included in segment income includes realized gain and loss from investments in financial assets at FVTPL for which investment performance is measured at fair value, unrealized gain and loss on valuation of investments, dividend income from investments, derivative gain and loss relating to investments in financial assets at FVTPL, and realized gain and loss from investments accounted for using the equity method. The Investment Business of Holding Companies segment calculates its segment income by eliminating gain and loss on investments relating to investments in subsidiaries, including dividend income from subsidiaries and impairment loss on investments in subsidiaries.

In August 2023, Arm shares held by SVF1 were sold to a wholly-owned subsidiary of the Company classified as the Investment Business of Holding Companies segment. The transaction price was established by reference to the terms of a prior contractual arrangement between the parties. The details are described in “Notes 2” in “b. Segment income arising from the SoftBank Vision Funds business” in “(1) Income and loss arising from the SoftBank Vision Funds business” under “Note 4. SoftBank Vision Funds business.”

In addition, intersegment transaction prices other than the above are determined under the same general business conditions as applied for external customers.

For the nine-month period ended December 31, 2022

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SoftBank Vision Funds	SoftBank	Arm
Net sales				
Customers	-	-	4,385,950	288,952
Intersegment	-	-	2,282	-
Total	-	-	4,388,232	288,952
Segment income	3,131,767	(4,010,750)	545,543	54,901
Depreciation and amortization	(3,398)	(750)	(559,493)	(66,662)
Gain (loss) on investments	3,699,716	(5,042,699)	(26,215)	254
Finance cost	(317,202)	(59,074)	(47,588)	(789)
Foreign exchange gain (loss)	(725,356)	460	(1,223)	(1,581)
Income (loss) on equity method investments	(24,708)	-	(32,559)	165
Derivative gain (loss) (excluding gain (loss) on investments)	631,115	865	801	1,168
	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	4,674,902	200,871	-	4,875,773
Intersegment	2,282	6,699	(8,981)	-
Total	4,677,184	207,570	(8,981)	4,875,773
Segment income	(278,539)	(12,419)	921	(290,037)
Depreciation and amortization	(630,303)	(25,804)	-	(656,107)
Gain (loss) on investments	(1,368,944)	(28,050)	35,828	(1,361,166)
Finance cost	(424,653)	(12,195)	3,340	(433,508)
Foreign exchange gain (loss)	(727,700)	(284)	-	(727,984)
Income (loss) on equity method investments	(57,102)	(124)	(13,385)	(70,611)
Derivative gain (loss) (excluding gain (loss) on investments)	633,949	(14,362)	-	619,587

For the nine-month period ended December 31, 2023

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SoftBank Vision Funds*	SoftBank	Arm
Net sales				
Customers	-	-	4,509,539	326,814
Intersegment	-	-	2,013	-
Total	-	-	4,511,552	326,814
Segment income	(5,857)	224,920	711,531	(16,444)
Depreciation and amortization	(2,382)	(1,636)	(552,117)	(69,402)
Gain (loss) on investments	(583,428)	781,868	4,148	785
Finance cost	(346,003)	(64,523)	(48,107)	(1,095)
Foreign exchange gain (loss)	(306,675)	(136)	(2,559)	1,482
Income (loss) on equity method investments	(1,203)	-	(17,870)	118
Derivative gain (excluding gain (loss) on investments)	1,178,831	-	1,308	127
	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	4,836,353	165,548	-	5,001,901
Intersegment	2,013	10,402	(12,415)	-
Total	4,838,366	175,950	(12,415)	5,001,901
Segment income	914,150	142,050	(792,125)	264,075
Depreciation and amortization	(625,537)	(16,335)	-	(641,872)
Gain (loss) on investments	203,373	86,767	(829,089)	(538,949)
Finance cost	(459,728)	(11,979)	44,911	(426,796)
Foreign exchange gain (loss)	(307,888)	(314)	-	(308,202)
Income (loss) on equity method investments	(18,955)	(17,664)	(492)	(37,111)
Derivative gain (excluding gain (loss) on investments)	1,180,266	-	-	1,180,266

Note:

\* The details of the difference between “Gain (loss) on investments” in the SoftBank Vision Funds segment and “Gain (loss) on investments at SoftBank Vision Funds” in the condensed interim consolidated statement of profit or loss are described in “(1) Income and loss arising from the SoftBank Vision Funds business” under “Note 4. SoftBank Vision Funds business.”

For the three-month period ended December 31, 2022

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SoftBank Vision Funds	SoftBank	Arm
Net sales				
Customers	-	-	1,535,772	105,247
Intersegment	-	-	229	-
Total	-	-	1,536,001	105,247
Segment income	(130,522)	(660,096)	120,646	19,270
Depreciation and amortization	(1,222)	(401)	(189,621)	(22,752)
Gain (loss) on investments	175,008	(730,357)	(22,765)	52
Finance cost	(76,563)	(23,279)	(16,509)	(255)
Foreign exchange gain (loss)	374,787	(43)	(2,713)	(4,589)
Loss on equity method investments	(829)	-	(10,611)	(258)
Derivative gain (loss) (excluding gain (loss) on investments)	(410,386)	245	(740)	688
	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	1,641,019	52,277	-	1,693,296
Intersegment	229	2,117	(2,346)	-
Total	1,641,248	54,394	(2,346)	1,693,296
Segment income	(650,702)	(892)	68,921	(582,673)
Depreciation and amortization	(213,996)	(5,423)	-	(219,419)
Gain (loss) on investments	(578,062)	(10,587)	77,081	(511,568)
Finance cost	(116,606)	(3,838)	1,153	(119,291)
Foreign exchange gain (loss)	367,442	-	-	367,442
Loss on equity method investments	(11,698)	(431)	(3,612)	(15,741)
Derivative gain (loss) (excluding gain (loss) on investments)	(410,193)	-	-	(410,193)

For the three-month period ended December 31, 2023

(Millions of yen)

	Reportable segments			
	Investment Business of Holding Companies	SoftBank Vision Funds	SoftBank	Arm
Net sales				
Customers	-	-	1,577,245	121,017
Intersegment	-	-	266	-
Total	-	-	1,577,511	121,017
Segment income	537,395	422,743	196,299	(8,005)
Depreciation and amortization	(798)	(586)	(189,219)	(23,772)
Gain (loss) on investments	(169,898)	600,732	(4,474)	380
Finance cost	(136,361)	(11,991)	(15,086)	(416)
Foreign exchange gain (loss)	343,456	513	(1,321)	(2,064)
Income (loss) on equity method investments	2,859	-	(5,731)	99
Derivative gain (excluding gain (loss) on investments)	478,445	-	86	17
	Total	Other	Reconciliations	Consolidated
Net sales				
Customers	1,698,262	76,579	-	1,774,841
Intersegment	266	2,909	(3,175)	-
Total	1,698,528	79,488	(3,175)	1,774,841
Segment income	1,148,432	57,713	(34,645)	1,171,500
Depreciation and amortization	(214,375)	(5,943)	-	(220,318)
Gain (loss) on investments	426,740	68,054	(70,188)	424,606
Finance cost	(163,854)	(4,174)	36,416	(131,612)
Foreign exchange gain (loss)	340,584	(700)	-	339,884
Income (loss) on equity method investments	(2,773)	587	(305)	(2,491)
Derivative gain (excluding gain (loss) on investments)	478,548	-	-	478,548

#### 4. SoftBank Vision Funds business

##### (1) Income and loss arising from the SoftBank Vision Funds business

###### a. Overview

Segment income arising from the SoftBank Vision Funds business (income before income tax) represents the net profits of the SoftBank Vision Funds business, after deducting the net profits attributable to Third-Party Investors. The net profits attributable to Third-Party Investors are the amount after deducting management fees, performance-linked management fees, and performance fees, as applicable, that SBIA receives from SVF1, and that SBGA receives from SVF2 and LatAm Funds.

The amount of the net profits attributable to Third-Party Investors that is deducted from the segment income is presented as “Change in third-party interests in SVF.”

###### b. Segment income arising from the SoftBank Vision Funds business

The components of segment income arising from the SoftBank Vision Funds business are as follows:

	(Millions of yen)	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023
Gain (loss) on investments at SoftBank Vision Funds		
Gain (loss) on investments at SVF1, SVF2, and LatAm Funds		
Realized gain on investments <sup>*1,2</sup>	47,040	934,995
Unrealized loss on valuation of investments		
Change in valuation for the fiscal year <sup>*3</sup>	(4,855,290)	(125,539)
Reclassified to realized gain (loss) recorded in the past fiscal years <sup>*2,4</sup>	(165,228)	16,902
Interest and dividend income from investments	1,190	21,271
Derivative gain on investments	16,191	2,869
Effect of foreign exchange translation <sup>*2,5</sup>	(92,044)	(105,218)
Subtotal	(5,048,141)	745,280
Gain on other investments	5,442	36,588
Total gain (loss) on investments at SoftBank Vision Funds	(5,042,699)	781,868
Selling, general and administrative expenses	(53,184)	(64,041)
Finance cost (interest expenses)	(59,074)	(64,523)
Derivative gain (excluding gain (loss) on investments)	865	-
Change in third-party interests in SVF	1,145,779	(378,397)
Other loss <sup>*6</sup>	(2,437)	(49,987)
Segment income arising from the SoftBank Vision Funds business (income before income tax)	(4,010,750)	224,920

## Notes:

1. The amount of realized gain and loss on investments is the exit price net of the investment cost. In addition to the realized gain and loss on sales by cash consideration, the realized gain and loss by disposals as a result of share exchange and restructuring of portfolio companies are included.
2. In August 2023, SVF1 sold Arm shares for \$16.1 billion (the “Transaction Consideration”) to a wholly-owned subsidiary of the Company (the “Transaction”). In relation to the Transaction, the proceeds of the sale will be paid in four installments, with the first installment having been paid upon completion of the Transaction, with the remaining three installments to be paid over a two-year period through August 2025. At the date of sale, “Realized gain on investments” was recorded as the discounted present value of the Transaction Consideration (\$15.1 billion) net of the investment cost (\$8.2 billion). The difference between the Transaction Consideration and the discounted present value of the Transaction Consideration is recognized as income over the two years after the date of sale and recorded in “Realized gain on investments.” As a result of the Transaction, for the nine-month period ended December 31, 2023, ¥1,050,961 million of the realized gain, ¥189,817 million of the unrealized loss on valuation (reclassified to realized gain recorded in the past fiscal years), and ¥(76,902) million of the effect of foreign exchange translation are included in “Gain (loss) on investments at SoftBank Vision Funds” in the above-mentioned segment income. However, these are eliminated in consolidation due to inter-company transactions relating to shares of a subsidiary.
3. For the nine-month period ended December 31, 2023, ¥53,151 million of the unrealized gain (net) on valuation arising from shares of the Company’s subsidiaries held by SVF1 and SVF2 (mainly PayPay Corporation) is included in “Gain (loss) on investments at SoftBank Vision Funds” (in Change in valuation for the fiscal year under Unrealized loss on valuation of investments) in the above-mentioned segment income. However, the unrealized gain on valuation is eliminated in consolidation.

For the three-month period ended September 30, 2021, a wholly-owned subsidiary of the Company other than SVF1 was transferred through sales from the Company to SVF2. As a result of the transaction, WeWork shares held by SVF2 include common shares and the common shares are continuously accounted for using the equity method on a consolidation basis after the transfer. For the nine-month period ended December 31, 2023, ¥5,082 million of the unrealized loss on valuation arising from WeWork common shares held by SVF2 is included in “Gain (loss) on investments at SoftBank Vision Funds” (in Change in valuation for the fiscal year under Unrealized loss on valuation of investments) in the above-mentioned segment income. However, the unrealized loss on valuation is eliminated in consolidation as WeWork is an equity method associate of the Company.

The unrealized gain and loss on valuation, that are eliminated in consolidation, are not included in “Gain (loss) on investments at SoftBank Vision Funds” in the condensed interim consolidated statement of profit or loss.

4. It represents the unrealized gain and loss on valuation of investments recorded as “Gain (loss) on investments at SoftBank Vision Funds” in the past fiscal years, which are reclassified to “Realized gain on investments” due to the realization for the nine-month period ended December 31, 2023.
5. Unrealized gain and loss on valuation of investments are translated using the average exchange rate for the quarter in which the gain and loss were recognized, while realized gain and loss on investments are translated using the average exchange rate for the quarter in which the shares were disposed. “Effect of foreign exchange translation” is arising from the different foreign currency exchange rates used for unrealized gain and loss on valuation and realized gain and loss.
6. For the nine-month period ended December 31, 2023, the provision for allowance for financial guarantee contract losses related to a credit facility for WeWork provided by financial institutions was recorded for ¥42,072 million considering the financial position of WeWork. The details are described in “Notes 2” under “Note 12. Other gain (loss).”

## (2) Third-party interests in SVF

### a. Terms and conditions of contribution from/ distribution to SVF Investors

Contributions by SVF Investors are classified as “Equity” and “Preferred Equity” depending on the terms and conditions of distribution. Preferred Equity is prioritized over Equity with regard to distribution and return of contribution.

Performance-based distributions attributed to SVF Investors, consisting of the Company and Third-Party Investors, are calculated using the net proceeds from the investment performance, as applicable, of SVF1, SVF2, and LatAm Funds. The net proceeds from SVF1 and LatAm Funds are also allocated to the performance fees attributed to SBIA and SBGA, respectively, using the method specified in the limited partnership agreement. The amount of performance-based distribution attributed to SVF Investors is allocated to each of the SVF Investors based on the proportion of their respective Equity contribution. The amount of performance-based distributions is paid to each of the SVF Investors after each of SVF1, SVF2, and LatAm Funds, as applicable, receive cash through dividend, or disposition or monetization of investments.

In SVF1, fixed distributions are defined as distributions of Preferred Equity holders which are calculated equal to a 7% rate per annum based on their contributions. The fixed distributions are made every last business day of the months of June and December.

The details of the terms and conditions of the Equity contributed by Third-Party Investor in SVF2 and LatAm Funds are described in “Note 14. Related party transactions regarding a co-investment program with restricted rights to receive distributions.” There are no Third-Party Investors who contributed to Preferred Equity in SVF2 and LatAm Funds.

In the following table, Third-Party Investors contributing Equity are defined as “Investors entitled to performance-based distribution” and Third-Party Investors contributing Preferred Equity are defined as “Investors entitled to fixed distribution.”



## b. Changes in interests attributable to Third-Party Investors

## (a) Third-party interests in SVF1

Changes in interests attributable to Third-Party Investors in SVF1 (included in “Third-party interests in SVF” in the condensed interim consolidated statement of financial position) are as follows:

		(Millions of yen)	
		(For reference purposes only) Links with the condensed interim consolidated financial statements	
	Third-party interests in SVF1 (Total of current liabilities and non-current liabilities)	Consolidated statement of profit or loss (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
	(Breakdown)		
As of April 1, 2023	4,470,717		
Changes in third-party interests	389,490	(389,490)	-
Attributable to investors entitled to fixed distribution	124,670		
Attributable to investors entitled to performance-based distribution	264,820		
Distribution/repayment to Third-Party Investors	(490,877)	-	(490,877)
Exchange differences on translating third-party interests *	278,467	-	-
As of December 31, 2023	<u>4,647,797</u>		

Note:

\* Exchange differences were included in “Exchange differences on translating foreign operations” in the condensed interim consolidated statement of comprehensive income.

## (b) Third-party interests in SVF2 and receivables

There is no balance of interests attributable to Third-Party Investor in SVF2 (included in “Third-party interests in SVF” in the condensed interim consolidated statement of financial position) as of March 31, 2023 and December 31, 2023. There are no changes in interests attributable to Third-Party Investor in SVF2 for the nine-month period ended December 31, 2023. Third-Party Investor in SVF2 is the investor entitled to performance-based distribution.

The Company has receivables from Third-Party Investor in SVF2. The changes in the receivables from Third-Party Investor in SVF2 (included in “Other financial assets (non-current)” in the condensed interim consolidated statement of financial position) are as follows: The details of the receivables from Third-Party Investor in SVF2 are described in “(1) Transactions between SVF2 and related parties” under “Note 14. Related party transactions regarding a co-investment program with restricted rights to receive distributions.”

	(Millions of yen)
	Receivables from Third-Party Investor in SVF2
As of April 1, 2023	384,870
Increase in receivables from accrued premiums charged to Third-Party Investor	8,923
Exchange differences on receivables	23,816
As of December 31, 2023	417,609

## (c) Third-party interests in LatAm Funds and receivables

Changes in interests attributable to Third-Party Investor in LatAm Funds (included in “Third-party interests in SVF” in the condensed interim consolidated statement of financial position) are as follows: Third-Party Investor in LatAm Funds is the investor entitled to performance-based distribution.

	(Millions of yen)		
	(For reference purposes only) Links with the condensed interim consolidated financial statements		
	Third-party interests in LatAm Funds (Total of current liabilities and non-current liabilities)	Consolidated statement of profit or loss (Negative figures represent expenses)	Consolidated statement of cash flows (Negative figures represent payments)
As of April 1, 2023	28,652		
Changes in third-party interests	(11,093)	11,093	-
Exchange differences on translating third-party interests and others*	1,547	-	-
As of December 31, 2023	19,106		

Note:

\* Exchange differences were included in “Exchange differences on translating foreign operations” in the condensed interim consolidated statement of comprehensive income.

The Company has receivables from Third-Party Investor in LatAm Funds. The changes in the receivables from Third-Party Investor in LatAm Funds (included in “Other financial assets (non-current)” in the condensed interim consolidated statement of financial position) are as follows: The details of the receivables from Third-Party Investor in LatAm Funds are described in “(2) Transactions between LatAm Funds and related parties” under “Note 14. Related party transactions regarding a co-investment program with restricted rights to receive distributions.”

	(Millions of yen)
	Receivables from Third-Party Investor in LatAm Funds
As of April 1, 2023	90,606
Increase in receivables from accrued premiums charged to Third-Party Investor	2,083
Exchange differences on receivables and others	5,241
As of December 31, 2023	97,930

c. Uncalled committed capital from Third-Party Investors

Uncalled committed capital from SVF1’s Third-Party Investors as of December 31, 2023 was \$8.2 billion.

(3) Management fees and performance fees

Terms and conditions of management fees, performance-linked management fees, and performance fees, included in segment income from the SoftBank Vision Funds business, are as follows.

a. Management fees and performance fees in SVF1

Management fees to SBIA from SVF1 are, in accordance with the limited partnership agreement, calculated by multiplying 1% per annum by Equity contributions used to fund investments and paid to SBIA by SVF1 quarterly. A clawback provision is attached to the management fees received, which is triggered under certain conditions based on future investment performance.

Same as the performance-based distributions, the amount of the performance fees to SBIA from SVF1 is calculated using the allocation method as specified in the limited partnership agreement. SBIA is entitled to receive the performance fees when SVF1 receives cash through disposition, dividend, and monetization of an investment. The performance fees received are subject to clawback provisions which are triggered under certain conditions based on future investment performance.

From the inception of SVF1, the cumulative amount of performance fees paid to SBIA was \$454 million. For the three-month period ended June 30, 2023, the performance fee (net of tax) was distributed to the limited partners in accordance with the clawback provisions.

b. Management fees and performance-linked management fees in SVF2

Management fees to SBGA from SVF2 are, in accordance with the constitutional agreements, calculated by multiplying 0.7% per annum by the acquisition cost of investments and paid to SBGA by SVF2 quarterly.

The amount of the performance-linked management fees to SBGA from SVF2 is determined, based on the

investment performance for certain periods specified in the constitutional agreement, according to the agreed principle. SBGA is entitled to receive the performance-linked management fees after certain periods for the investment performance measurement specified in the constitutional agreement, provided that there are available cash proceeds through disposition, dividend, and monetization of an investment in SVF2.

From the inception of SVF2 to December 31, 2023, no performance-linked management fees were paid to SBGA.

c. Management fees, performance-linked management fees, and performance fees in LatAm Funds

Management fees to SBGA from LatAm Funds are, in accordance with the constitutional agreements, calculated based on the acquisition cost of investments and paid to SBGA by LatAm Funds quarterly.

LatAm Funds introduced the performance-linked management fees in July 2022. The amount of the performance-linked management fees to SBGA from LatAm Funds is determined, based on the investment performance for certain periods specified in the constitutional agreement, according to the agreed principle. SBGA is entitled to receive the performance-linked management fees after certain periods for the investment performance measurement specified in the constitutional agreement, provided that there are available cash proceeds through disposition, dividend, and monetization of investments in LatAm Funds.

Same as the performance-based distributions, the amount of the performance fees to SBGA from LatAm Funds is calculated using the allocation method as specified in the constitutional agreements. SBGA is entitled to receive the performance fees when LatAm Funds receives cash through disposition, dividend, and monetization of an investment.

From the inception of LatAm Funds to December 31, 2023, neither performance fees nor performance-linked management fees were paid to SBGA.

## 5. Interest-bearing debt

### (1) Components of interest-bearing debt

The components of interest-bearing debt are as follows:

	(Millions of yen)	
	As of March 31, 2023	As of December 31, 2023
Current		
Short-term borrowings	900,502	1,053,791
Commercial paper	283,001	434,001
Current portion of long-term borrowings <sup>*1,2</sup>	2,955,480	1,311,045
Current portion of corporate bonds	653,237	1,150,065
Current portion of financial liabilities relating to sale of shares by prepaid forward contracts <sup>*3</sup>	336,730	2,674,944
Current portion of installment payables	97	159
Total	5,129,047	6,624,005
Non-current		
Long-term borrowings <sup>*1,2</sup>	4,164,682	5,250,733
Corporate bonds	6,257,455	5,924,677
Financial liabilities relating to sale of shares by prepaid forward contracts <sup>*3</sup>	3,926,873	2,325,491
Installment payables	137	152
Total	14,349,147	13,501,053

Notes:

1. On September 12, 2023, Kronos I (UK) Limited, a wholly-owned subsidiary of the Company, repaid all of the term facility loan of \$8.5 billion that was secured by 75.01% of Arm shares before listing held by a wholly-owned subsidiary of the Company other than Kronos I (UK) Limited, all of Kronos I (UK) Limited's assets except for certain assets specified in the agreement, and the equity interests of wholly-owned subsidiaries of the Company which were established for this facility purpose as collateral. This resulted in the current portion of long-term borrowings decreased by ¥1,126,619 million.

On September 21, 2023, Kronos I (UK) Limited borrowed \$8.5 billion as a margin loan using 769,029,000 shares of Arm after listing held by a wholly-owned subsidiary of the Company other than Kronos I (UK) Limited and all of Kronos I (UK) Limited's assets except for certain assets specified in the agreement as collaterals. The margin loan is recorded for ¥1,194,094 million as long-term borrowings in the condensed interim consolidated statement of financial position as of December 31, 2023. The margin loan agreement includes an additional cash collateral provision and a mandatory prepayment clause, which may be triggered under certain circumstances, such as a significant decrease in the fair value of pledged Arm shares.

The margin loan is nonrecourse debt, and therefore, SoftBank Group Corp. will not be responsible for the borrowings.

2. SVF1 had made borrowings collateralized in the listed shares, Arm shares, which is a subsidiary of the Company, and the other investments. For the nine-month period ended December 31, 2023, SVF1 repaid all of its borrowing of \$4.1 billion before the maturity date and the collateral for the shares and the other investments was released. The borrowings were recorded for ¥547,156 million as "Long-term borrowings" and ¥5,526 million as "Current portion of long-term borrowings" respectively, and the listed shares pledged as collateral were recorded for ¥946,893 million as "Investments from SVF (FVTPL)" in the condensed interim consolidated statement of financial position as of March 31, 2023.

3. These are primarily financial liabilities relating to sale of shares by prepaid forward contracts using Alibaba shares. The details are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts.”

## (2) Transactions for sale of Alibaba shares by prepaid forward contracts

Wholly-owned subsidiaries of the Company entered into prepaid forward contracts with financial institutions to procure funds using Alibaba shares, which are held by the subsidiaries.

In the prepaid forward contracts, the number of Alibaba shares settled by the prepaid forward contracts is fixed regardless of changes in market share price in the future in a forward contract or determined by reference to market price of the shares at the valuation dates prior to the settlement date. The latter type of contract includes floor contract that a floor is set for the price of shares settled and collar contract that a cap and a floor are set for the price of shares settled. A part of wholly-owned subsidiaries of the Company entering into prepaid forward contracts with financial institutions to procure funds using Alibaba shares (“Entities for fund procurement using Alibaba shares”), in addition to the prepaid forward contracts, enters into the call spread (combination of long position of call option and short position of call option with different strike prices) contracts in preparation for Alibaba shares price rise.

The aforementioned prepaid forward contracts are classified as hybrid financial instruments with embedded derivatives. The Company accounts for the contracts by bifurcating the main contracts and embedded derivatives, and the main contracts are recognized as financial liabilities relating to sale of shares by prepaid forward contracts then measured at amortized cost while the embedded derivatives are measured at fair value. Also, the call spread contracts are measured at fair value as well. In addition, for the derivative financial assets and the derivative financial liabilities recognized from the prepaid forward contracts and the call spread contracts, a tax effect is recognized. The ending balance of the derivative financial assets and the derivative financial liabilities recognized from the prepaid forward contracts and the call spread contracts are described in “Note 6. Financial instruments.”

Entities for fund procurement using Alibaba shares have the option to settle all of the prepaid forward contracts by delivering cash, Alibaba shares, or a combination of cash and Alibaba shares. If Entities for fund procurement using Alibaba shares elect cash settlement, Entities for fund procurement using Alibaba shares will pay the cash equivalent to the fair value of the number of shares subject to the settlement, as determined by reference to the market price of the shares.

Alibaba shares held by Entities for fund procurement using Alibaba shares are pledged as collateral in accordance with all of the prepaid forward contracts, and except for a certain contract, the Company granted the right of use to the financial institutions with respect to such shares. However, the collateral can be released by cash settlement at the discretion of Entities for fund procurement using Alibaba shares.

Entities for fund procurement using Alibaba shares procured ¥605,627 million (\$4.4 billion) in total by entering into forward contracts for the three-month period ended June 30, 2023.

In contrast, for the three-month period ended December 31, 2023, certain prepaid forward contracts matured and were settled by Alibaba shares. As a result, ¥180,882 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts, ¥116,987 million of “Derivative financial assets (current),” and ¥63,895 million of Alibaba shares included in “Investment securities” were derecognized from the condensed interim consolidated statement of financial position as of the settlement date.

In addition, in January 2024, \$1.2 billion of current portion of financial liabilities relating to sale of shares by prepaid forward contracts was derecognized as certain prepaid forward contracts matured and were settled by Alibaba shares. For the settlement in January 2024, as of December 31, 2023, ¥65,555 million of Alibaba shares used for the settlement was transferred from “Investment securities” to “Other current assets.”

As of December 31, 2023, the Company pledged ¥3,830,171 million of Alibaba shares as collateral for ¥2,207,710 million of current portion of financial liabilities relating to sale of shares by prepaid forward contracts and ¥2,325,491 million of financial liabilities relating to sale of shares by prepaid forward contracts. Alibaba shares pledged as collateral were recorded for ¥65,555 million as “Other current assets” and for ¥3,764,616 million as “Investment securities” in the condensed interim consolidated statement of financial position.

### (3) Components of proceeds in and repayment of short-term interest-bearing debt, net

The components of “Proceeds in short-term interest-bearing debt, net” in the condensed interim consolidated statement of cash flows are as follows:

	(Millions of yen)	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023
Net increase in short-term borrowings	68,657	143,095
Net (decrease) increase in commercial paper	(53,300)	14,501
Total	15,357	157,596

### (4) Components of proceeds from interest-bearing debt

The components of “Proceeds from interest-bearing debt” in the condensed interim consolidated statement of cash flows are as follows:

	(Millions of yen)	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023
Proceeds from borrowings	2,679,259	3,698,451
Proceeds from issuance of corporate bonds	445,000	342,000
Proceeds from procurement by prepaid forward contracts using shares *	3,361,608	605,627
Total	6,485,867	4,646,078

Note:

\* The amount was primarily procured under the prepaid forward contracts using Alibaba shares. The details of prepaid forward contracts using Alibaba shares are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts.”

## (5) Components of repayment of interest-bearing debt

The components of “Repayment of interest-bearing debt” in the condensed interim consolidated statement of cash flows are as follows:

	(Millions of yen)	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023
Repayment of borrowings	(4,328,611)	(4,335,652)
Redemption of corporate bonds	(743,901)	(285,706)
Repayment for settlement of prepaid forward contracts using shares	(2,427)	(2,545)
Total	(5,074,939)	(4,623,903)



## 6. Financial instruments

The details of derivative contracts are mainly as follows:

	(Millions of yen)			
	As of March 31, 2023		As of December 31, 2023	
	Carrying amount (fair value)		Carrying amount (fair value)	
	Assets	Liabilities	Assets	Liabilities
Prepaid forward contracts using Alibaba shares (Option contracts) <sup>*1</sup>	397,127	-	449,851	-
Call spread contracts relating to prepaid forward contracts using Alibaba shares <sup>*1</sup>	590	-	22	-
Prepaid forward contracts using Alibaba shares (Forward contracts) <sup>*1</sup>	-	(805,039)	288,335	(122,441)
Short call option for T-Mobile shares to Deutsche Telekom	-	(55,056)	-	(66,346)
Contingent value rights relating to sale of T- Mobile shares <sup>*2</sup>	67,308	-	-	-
Contingent consideration relating to acquisition of T-Mobile shares <sup>*3</sup>	833,770	-	-	-

Notes:

- The details of prepaid forward contracts using Alibaba shares and call spread contracts relating to prepaid forward contracts using Alibaba shares are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 5. Interest-bearing debt.”
- Contingent value rights were received in relation to the disposal of T-Mobile shares in a private placement through a trust. In addition, the rights were vested on June 1, 2023 and the Company received 3,566,400 shares of T-Mobile.
- Acquired due to the merger transaction with Sprint and T-Mobile US, Inc. on April 1, 2020 and the Company received the right to acquire 48,751,557 shares of T-Mobile for no additional consideration if certain conditions were met. The conditions were met on December 22, 2023 and the Company acquired 48,751,557 shares of T-Mobile for no additional consideration on December 28, 2023. As of December 31, 2023, the fair value of T-Mobile shares acquired through the transaction was ¥1,108,591 million, and ¥2,094,085 million in total of those and other existing T-Mobile shares were included in “Investment securities” in the condensed interim consolidated statement of financial position.

The Company has pledged 18,000,000 shares of T-Mobile acquired through the transaction (the carrying amount as of December 31, 2023: ¥409,313 million) as collateral to secure certain of the Company’s indemnity obligations undertaken in connection with the merger transaction above until April 1, 2025.

## 7. Foreign currency exchange rates

Exchange rates of the major currencies used for translating financial statements of foreign operations are as follows:

### (1) Rate at the end of the period

	As of March 31, 2023	As of December 31, 2023
USD	133.53	141.83

(Yen)

### (2) Average rate for the quarter

For the nine-month period ended December 31, 2022

	Three-month period ended June 30, 2022	Three-month period ended September 30, 2022	Three-month period ended December 31, 2022
USD	129.04	138.68	141.16
CNY*	19.60	20.19	-

(Yen)

For the nine-month period ended December 31, 2023

	Three-month period ended June 30, 2023	Three-month period ended September 30, 2023	Three-month period ended December 31, 2023
USD	138.11	145.44	147.00

(Yen)

Note:

\* For the three-month period ended September 30, 2022, Alibaba ceased to be an equity method associate of the Company. As a result, exchange rates of Chinese yuan are not presented for the three-month period ended December 31, 2022, since it is no longer considered as a major currency used for translating financial statements of foreign operations.

## 8. Equity

### (1) Capital surplus

For the nine-month period ended December 31, 2023

With the initial public offering of Arm shares on September 14, 2023, the Company sold a portion of Arm shares (10.0% of the total number of outstanding shares) held by a wholly-owned subsidiary. Therefore, the Company's shareholding ratio in Arm was reduced to 90.0%.

As a result of the transaction, the amount of ¥674,370 million equivalent to the gain on sale of Arm shares on a consolidation basis is recorded as "Changes in interests in subsidiaries" under "Capital surplus."

### (2) Other equity instruments

On July 19, 2017, SoftBank Group Corp. issued \$2.75 billion of USD-denominated Undated Subordinated Non-Call 6 years Resetable Notes and \$1.75 billion of USD-denominated Undated Subordinated Non-Call 10 years Resetable Notes (collectively, the "Hybrid Notes").

The Hybrid Notes are classified as equity instruments in accordance with IFRSs because SoftBank Group Corp. has the option to defer interest payments, the notes have no maturity date, and SoftBank Group Corp. has an unconditional right to avoid delivering cash or another financial asset except for distribution of residual assets on liquidation.

In addition, on October 12, 2022, SoftBank Group Corp. purchased a portion of the above USD-denominated Undated Subordinated Non-Call 6 years Resetable Notes (the face value of \$0.75 billion) and retired them on the same date. Subsequently, on July 19, 2023, the first optional redemption date, the remaining amount (the face value of \$2.0 billion) was fully redeemed. The amount of ¥793 million and ¥56,111 million reduced from "Capital surplus" and "Retained earnings," respectively, as "Redemption and cancellation of other equity instruments" in the condensed interim consolidated statement of changes in equity for the nine-month period ended December 31, 2023, represents the difference between the issue amount and the purchase amount, including foreign exchange effects.

### (3) Treasury stock

Changes in treasury stock are as follows:

	(Thousands of shares)	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023
Balance at the beginning of the period	76,164	6,948
Increase during the period	185,702	1
Decrease during the period	(1,371)	(2,749)
Balance at the end of the period	260,495	4,200

#### (4) Accumulated other comprehensive income

The components of accumulated other comprehensive income are as follows:

	As of March 31, 2023	(Millions of yen) As of December 31, 2023
Equity financial assets at FVTOCI	43,201	44,923
Debt financial assets at FVTOCI	142	151
Cash flow hedges	(71,598)	(49,538)
Exchange differences on translating foreign operations*	3,785,040	4,637,603
<b>Total</b>	<b>3,756,785</b>	<b>4,633,139</b>

Note:

\* The increase was primarily due to a weaker yen against the U.S. dollar compared with the exchange rate as of March 31, 2023.

#### (5) Non-controlling interests

SoftBank Corp. issued ¥120,000 million of the Series 1 Bond-Type Class Shares (“Bond-Type Class Shares”) on November 1, 2023. Although dividends whose record date falls in fiscal year ending on or before March 31, 2029 are fixed dividends (floating dividends thereafter) and any unpaid dividends shall be carried over to subsequent fiscal years, the Bond-Type Class Shares are classified as equity instruments because SoftBank Corp. has the option to defer dividend payments, has no obligation to repurchase the Bond-Type Class Shares, and has unconditional right to avoid delivering cash or another financial asset except for the distribution of residual assets on liquidation.

The holders of the Bond-Type Class Shares only have the right to claim the distribution of residual assets up to the amount paid and the amount of accumulated unpaid dividends. The Company’s interests in Softbank Corp. does not change at the time of issuance, therefore, for the nine-month period ended December 31, 2023, ¥120,000 million of the amount paid is recorded as “Issuance of other equity instruments in subsidiaries” under “Non-controlling interests” in the condensed interim consolidated statement of changes in equity.

## 9. Gain on investments

### (1) Gain and loss on investments at Investment Business of Holding Companies

The components of gain and loss on investments at Investment Business of Holding Companies are as follows:

	(Millions of yen)	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023
Gain relating to settlement of prepaid forward contracts using Alibaba shares <sup>*1</sup>	4,838,251	-
Gain relating to sales of T-Mobile shares	24,842	-
Realized loss on investments at asset management subsidiaries	(69,904)	(90,685)
Unrealized gain (loss) on valuation of investments at asset management subsidiaries	(62,931)	33,251
Derivative loss on investments at asset management subsidiaries	(4,996)	(786)
Realized gain (loss) on investments <sup>*2</sup>	(240,222)	53,956
Unrealized loss on valuation of investments <sup>*2</sup>	(955,478)	(814,913)
Derivative gain on investments <sup>*3</sup>	155,534	225,392
Other	14,504	10,357
Total	3,699,600	(583,428)

Notes:

- During the course of the physical settlement under the board resolution in August 2022, the Company lost significant influence over Alibaba because the voting power against Alibaba held by the Company decreased to below 20%, and for the three-month period ended September 30, 2022, Alibaba ceased to be an equity method associate of the Company. At the same time, Alibaba shares held by the Company as of the date the Company lost significant influence over Alibaba (“remaining Alibaba shares”) were remeasured based on the stock price of that day and were included in “Investment securities” in the condensed interim consolidated statement of financial position.

“Gain relating to settlement of prepaid forward contracts using Alibaba shares” includes the gain on settlement of prepaid forward contracts using Alibaba shares upon completion of the settlement before Alibaba ceases to be an equity method associate of the Company and the effect of the remeasurement of remaining Alibaba shares based on the share price as of the date when Alibaba ceases to be an equity method associate of the Company.

- Effects of stock price changes for the remaining Alibaba shares after being remeasured are included in “Realized gain (loss) on investments” or “Unrealized gain (loss) on valuation of investments” rather than “Gain relating to settlement of prepaid forward contracts using Alibaba shares.”

For the nine-month period ended December 31, 2023, ¥22,527 million of realized loss on investments and ¥920,503 million of unrealized loss on valuation of investments were recognized. In addition, the realized loss on investments is arising from the physical settlement of prepaid forward contracts using shares. Due to the physical settlement, ¥4,340 million of unrealized loss on valuation of investments recognized in the past fiscal year is transferred to a realized loss on investments.

- For the nine-month period ended December 31, 2023, the conditions for the contingent consideration related to the acquisition of T-Mobile shares through the merger transaction between Sprint and T-Mobile US, Inc. were met and the Company acquired 48,751,557 shares of T-Mobile for no additional consideration. ¥227,012 million of derivative gain on investments was recorded due to changes in the fair value of the derivative asset up to the acquisition date for those T-Mobile shares. The details of the transaction are described in “Notes 3” under “Note 6. Financial instruments.”

In addition, effects of stock price changes for those T-Mobile shares acquired through the transaction are included in “Unrealized gain (loss) on valuation of investments.”

(2) Gain and loss on investments at SoftBank Vision Funds

The details of gain and loss on investments at SoftBank Vision Funds are described in “(1) Income and loss arising from the SoftBank Vision Funds business” under “Note 4. SoftBank Vision Funds business.”

## 10. Finance cost

The components of finance cost are as follows:

	(Millions of yen)	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023
Interest expenses	<u>(433,508)</u>	<u>(426,796)</u>

## 11. Derivative gain (excluding gain (loss) on investments)

For the nine-month period ended December 31, 2023, derivative gain of ¥1,204,688 million was recorded for the prepaid forward contracts using Alibaba shares and the call spread contracts relating to prepaid forward contracts using Alibaba shares. The details of the contracts are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 5. Interest-bearing debt.”

## 12. Other gain (loss)

The components of other gain and loss are as follows:

	(Millions of yen)	
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023
Interest income	54,522	165,634
Gain relating to loss of control over subsidiaries <sup>*1</sup>	22,880	118,566
Dilution gain from changes in equity interest	84,678	20,300
Gain on redemption of corporate bonds	43,595	4,249
Loss relating to credit support for WeWork <sup>*2</sup>	(103,593)	(42,072)
Loss on derecognition of unsecured notes issued by WeWork <sup>*3</sup>	-	(21,579)
Impairment loss on equity method investments	(59,299)	(5,082)
Provision for allowance for doubtful accounts	(134,581)	(1,462)
Provision for loss relating to litigation	(18,853)	(988)
Provision for allowance for loan commitment losses	(35,445)	-
Other	25,954	(5,892)
Total	(120,142)	231,674

Notes:

- For the nine-month period ended December 31, 2023, primarily, as a result of the sale of 85 % of shares in SB Energy Corp., a wholly-owned subsidiary of the Company, the gain arising from the loss of control over the entity was recorded. Subsequently, SB Energy Corp. (currently, Terras Energy Corporation) has become an equity method associate of the Company after the transaction.
- With respect to the credit support (financial guarantee contract) for a letter of credit facility \$1.43 billion (notional amount of a Junior LC \$0.47 billion and notional amount of a Senior LC \$0.96 billion) to WeWork provided by financial institutions, on October 31, 2023, SVF2 paid and fully satisfied the Junior LC and thereby acquired a subrogation claim against WeWork, and also deposited the full amount into the restricted cash account as collateral to fully satisfy the Senior LC.

On November 6, 2023, WeWork filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code. On December 19, 2023, WeWork entered into certain Senior Secured Debtor-In-Possession Credit Agreement with SVF2 and certain financial institutions. Based on the agreement, to continue to support certain letter of credit obligations of WeWork during the Chapter 11 process, SVF2 converted \$0.67 billion from the restricted cash that was already deposited as collateral for the Senior LC into the form of a term loan to WeWork to continue to support such letter of credit obligations.

As of December 31, 2023, the loan receivable including the subrogation claim that was acquired as a result of the fulfillment of the guarantee obligations amounted to \$1.41 billion, and the cash collateral balance amounted to \$0.02 billion (the balances presented were related to LC notional amount only, excluding claimed fees and expenses).

For the six-month period ended September 30, 2023, for the financial guarantee contract, losses were recorded for ¥42,072 million considering the financial position of WeWork. As a result, the allowance was recorded for the entire financial guarantee contract totaling \$1.43 billion, together with amounts reserved as of March 31, 2023. For the three-month period ended December 31, 2023, the allowance for the financial guarantee contract that was the portion of the guarantee fulfilled was allocated to the loan receivable. As of December 31, 2023, the carrying amount of the loan receivable was zero.

¥103,593 million presented as “Provision for allowance for financial guarantee contract losses” for the nine-month period ended December 31, 2022 is reclassified as “Loss relating to credit support for WeWork.”

- For the nine-month period ended December 31, 2023, unsecured notes issued by WeWork were exchanged into shares and convertible bonds newly issued by WeWork. The unsecured notes were derecognized and ¥21,579 million of loss was recorded.

### 13. Supplemental information to the condensed interim consolidated statement of cash flows

#### (1) Income taxes paid and income taxes refunded

For the nine-month period ended December 31, 2023, payment of withholding income tax related to dividends within the group companies of ¥143,790 million is included in “Income taxes paid.” In addition, refunded withholding income tax related to dividends within the group companies of ¥56,629 million is included in “Income taxes refunded.”

#### (2) Proceeds from the partial sales of shares of subsidiaries to non-controlling interests

For the nine-month period ended December 31, 2023

“Proceeds from the partial sales of shares of subsidiaries to non-controlling interests” is due to the sales of Arm shares.

#### (3) Redemption of other equity instruments

For the nine-month period ended December 31, 2023

“Redemption of other equity instruments” is due to the full redemption of USD-denominated Undated Subordinated Non-Call 6 years Resettable Notes.

#### (4) Proceeds from the issuance of other equity instruments in subsidiaries

For the nine-month period ended December 31, 2023

Proceeds received from the issuance of the Series 1 Bond-Type Class Shares by SoftBank Corp. are included in “Proceeds from the issuance of other equity instruments in subsidiaries.” The details are described in “(5) Non-controlling interests” under “Note 8. Equity.”

#### (5) Significant non-cash transactions

For the nine-month period ended December 31, 2023

As certain prepaid forward contracts matured, ¥180,882 million of financial liabilities relating to sale of shares by prepaid forward contracts and ¥116,987 million of derivative financial assets were settled by Alibaba shares. The details of the transaction are described in “(2) Transactions for sale of Alibaba shares by prepaid forward contracts” under “Note 5. Interest-bearing debt.”

The Company acquired \$7,744 million (¥1,098,435 million) of T-Mobile shares for no additional consideration on December 28, 2023 as the conditions were met for the contingent consideration related to the acquisition of T-Mobile shares through the merger transaction with Sprint and T-Mobile US, Inc. The details of the transaction are described in “Notes 3” under “Note 6. Financial instruments.”



#### **14. Related party transactions regarding a co-investment program with restricted rights to receive distributions**

MgmtCo, which is the investor in SVF2 LLC (a subsidiary of the Company under SVF2) and the investor in SLA LLC (a subsidiary of the Company under the LatAm Funds), is a company controlled by Masayoshi Son, Representative Director, Corporate Officer, Chairman & CEO of SoftBank Group Corp., and a related party of the Company. The co-investment program with restricted rights to receive distributions to SVF2 and LatAm Funds has been introduced from the three-month period ended September 30, 2021 for the purpose of enabling Masayoshi Son to make a co-investment in SVF2 and LatAm Funds with the Company, sharing risk of losses as well as benefit of profits in the success of SVF2 and LatAm Funds and leading to enhanced focus on the management of investments held by them, which in turn is intended to contribute to increases in the Company's earnings. In making a co-investment in SVF2 and LatAm Funds under the terms of the program, MgmtCo both receives the benefit of profits and assumes the risk of losses from SVF2 and LatAm Funds, and MgmtCo's right to receive distributions from its investment is subject to certain restrictions.

Contributions to SVF2 LLC and SLA LLC are classified as "Equity" and "Preferred Equity" depending on the terms and conditions of distribution. SVF2 LLC and SLA LLC each have issued Equity entitled to performance-based distributions that are allocated to the Company and MgmtCo based on the proportion of their respective contributions. The Company's Equity interest in each of SVF2 LLC and SLA LLC is 82.75%, and MgmtCo's Equity interest in each of SVF2 LLC and SLA LLC is 17.25%. The Company's investment in SVF2 LLC is made through SoftBank Vision Fund II-2 L.P. and its subsidiaries, and its investment in SLA LLC is made through SBLA Latin America Fund LLC and its subsidiaries.

Related party transactions of the Company are as follows:

(1) Transactions between SVF2 and related parties

Name of the company or individual	Nature of relationship	Nature of transaction	For the nine-month period ended	(Millions of yen)
			December 31, 2023	As of December 31, 2023
			Amount of transaction	Balance at period end
Masayoshi Son (MASA USA LLC (MgmtCo))	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Receipt of capital contribution in SVF2 LLC and related adjustments <sup>*1,2</sup>	-	417,609 <sup>*3,4</sup> (\$2,944 million)
		The premium received on SVF2 LLC's receivables	8,923 <sup>*3</sup> (\$62 million)	
		MgmtCo's Equity interests in SVF2 LLC <sup>*5,6</sup>	-	-
		Net balance at period end (Receivables in SVF2 LLC less MgmtCo's Equity interests in SVF2 LLC) <sup>*7</sup>		417,609 (\$2,944 million)

Notes:

1. Restrictions on rights of MgmtCo to receive distributions

MgmtCo's right to receive distributions from its investment is subject to certain restrictions. Distributions from SVF2 LLC to MgmtCo are fully restricted and are not paid until the sum of proceeds received by SVF2 LLC from realized investments plus the aggregate fair value of all of SVF2 LLC's unrealized investments (net of borrowings) exceeds 130% of the aggregate acquisition cost of all of SVF2 LLC's investments. After the ratio exceeds 130%, restrictions on distributions to MgmtCo are released proportionately in increments of 10%, and when the ratio reaches 200%, all restrictions are released and MgmtCo is entitled to receive the full amount of the distribution. In the event that, upon the liquidation of SVF2 LLC, the amount of the distributions received by MgmtCo exceeds the amount that would have been distributed to MgmtCo if the ratio in effect at the time of liquidation was applied throughout the life of SVF2 LLC, then any such excess amounts will be subject to clawback from MgmtCo.

2. Nature of the Equity contribution by MgmtCo

The Equity interests contributed by the Company and MgmtCo are subordinated to the Preferred Equity contributed separately by the Company to SVF2 LLC. If there is a shortfall in the amount of return of Preferred Equity contributions and the amount of fixed distributions to be received by the Preferred Equity holders at the time of the final profit distribution by SVF2 LLC, then MgmtCo is obligated to pay the shortfall proportional to Equity interests' ratio up to the total amount of return of Equity contributions and the distributions received by MgmtCo.

3. Balance at period end of receivables from MgmtCo for receipt of capital contribution and related adjustments

Balance at period end is the balance of SVF2 LLC's receivables which consists of the balance related to receipt of capital contribution, related adjustments, and premiums received from MgmtCo, less any decrease in receivables due to offsetting settlement with distributions to MgmtCo. The amount of the transaction for "Receipt of capital contribution in SVF2 LLC and related adjustments" at the inception of the program is MgmtCo's Equity Acquisition Amount in SVF2 LLC, which consists of the amount calculated based on MgmtCo's Equity interests of 17.25% in the SVF2's initial acquisition costs of the relevant portfolio companies held by SVF2 LLC and related adjustments calculated based on 17.25% interest in the increase in the portfolio companies' fair value from the initial acquisition costs at SVF2 to June 30, 2021, and the adjustment equivalent to

interests for the period from the Company's contribution to SVF2 until June 30, 2021.

MgmtCo is entitled to make full or partial payment of its Equity Acquisition Amount at any point in time, at its discretion, from the date it became an investor in SVF2 LLC to the end of the company life of SVF2 LLC. MgmtCo is required to pay a premium of 3% per annum on the unpaid Equity Acquisition Amount until the unpaid amount is paid in full. "The premium received on SVF2 LLC's receivables" refers to the amount of such premium accrued in the current period. MgmtCo is also entitled to make full or partial payment of the premium at any point in time, at its discretion, on the same terms and conditions as Equity Acquisition Amount.

Any distributable amount from SVF2 LLC to MgmtCo is offset against the receivables at the time of the distribution notice and no distribution payments to MgmtCo are made until the SVF2 LLC's receivables are paid in full.

4. Collateral and other credit protection for receivables

In order to secure the receivables of SVF2 LLC related to Equity Acquisition Amount and the premium thereon, all of the Equity interests in SVF2 LLC held by MgmtCo are pledged as collateral. In the event that MgmtCo pays into the receivables or offsets such receivables with distributions due to it from SVF2 LLC, the collateral is released to the extent that the cumulative amounts of payments and offsets exceed the balance of the receivables after deduction of such cumulative amounts. Masayoshi Son also provides a personal guarantee to the receivables up to the balance of the receivables. In addition, as of December 31, 2023, 8,897,100 shares of SoftBank Group Corp. are deposited in SVF2 LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only when the entire amount of receivables is settled. SVF2 LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SVF2 LLC after the enforcement of the collateral and personal guarantees by SVF2 LLC.

5. MgmtCo's Equity interest in SVF2 LLC

The amount represents SVF2 LLC's net assets attributable to MgmtCo (before deduction of receivables), which is included in "Third-party interests in SVF" in the condensed interim consolidated statement of financial position.

6. Management fee and performance-linked management fees to be charged to MgmtCo

The terms of the management fee and performance-linked management fee to be charged to MgmtCo are the same as those to be charged to the Company as an Equity investor in SVF2 LLC.

7. Net balance at period end

Net balance at period end is the balance of receivables held by SVF2 LLC less MgmtCo's Equity interest in SVF2 LLC.

## (2) Transactions between LatAm Funds and related parties

Name of the company or individual	Nature of relationship	Nature of transaction	For the nine-month period ended	(Millions of yen)
			December 31, 2023	As of December 31, 2023
			Amount of transaction	Balance at period end
Masayoshi Son (MASA USA LLC (MgmtCo))	Chairman & CEO of SoftBank Group Corp. and related entities of which he holds more than one-half of the voting rights	Receipt of capital contribution in SLA LLC and related adjustments <sup>*1,2</sup>	-	97,930 <sup>*3,4</sup> (\$691 million)
		The premium received on SLA LLC's receivables	2,083 <sup>*3</sup> (\$15 million)	
		MgmtCo's Equity interests in SLA LLC <sup>*5,6</sup>	-	19,106 (\$135 million)
		Net balance at period end (Receivables in SLA LLC less MgmtCo's Equity interests in SLA LLC) <sup>*7</sup>		78,824 (\$556 million)

## Notes:

## 1. Restrictions on rights of MgmtCo to receive distributions

MgmtCo's right to receive distributions from its investment is subject to certain restrictions. Distributions from SLA LLC to MgmtCo are fully restricted and are not paid until the sum of proceeds received by SLA LLC from realized investments plus the aggregate fair value of all of SLA LLC's unrealized investments (net of borrowings) exceeds 130% of the aggregate acquisition cost of all of SLA LLC's investments. After the ratio exceeds 130%, restrictions on distributions to MgmtCo are released proportionately in increments of 10%, and when the ratio reaches 200%, all restrictions are released and MgmtCo is entitled to receive the full amount of the distribution. In the event that, upon the liquidation of SLA LLC, the amount of the distributions received by MgmtCo exceeds the amount that would have been distributed to MgmtCo if the ratio in effect at the time of liquidation was applied throughout the life of SVF2 LLC, then any such excess amounts will be subject to clawback from MgmtCo.

## 2. Nature of the Equity contribution by MgmtCo

The Equity interests contributed by the Company and MgmtCo are subordinated to the Preferred Equity contributed separately by the Company to SLA LLC. If there is a shortfall in the amount of return of Preferred Equity contributions and the amount of fixed distributions to be received by the Preferred Equity holders at the time of the final profit distribution by SLA LLC, then MgmtCo is obligated to pay the shortfall proportional to Equity interests' ratio up to the total amount of return of Equity contributions and the distributions received by MgmtCo.

## 3. Balance at period end of receivables from MgmtCo for receipt of capital contribution and related adjustments

Balance at period end is the balance of SLA LLC's receivables which consists of the balance related to receipt of capital contribution, related adjustments, and premiums received. The amount of the transaction for "Receipt of capital contribution in SLA LLC and related adjustments" at the inception of the program is MgmtCo's Equity Acquisition Amount in SLA LLC, which consists of the amount calculated based on MgmtCo's Equity interests of 17.25% in the LatAm Funds' initial acquisition costs of the portfolio companies held by LatAm Funds and related adjustments calculated based on 17.25% interest in the increase in the portfolio companies' fair value from the initial acquisition costs at LatAm Funds to June 30, 2021, and the adjustment equivalent to interests for the period from the Company's contribution to LatAm Funds until June 30, 2021.

MgmtCo is entitled to make full or partial payment of its Equity Acquisition Amount at any point in time, at its discretion, from

the date it became an investor in SLA LLC to the end of the company life of SLA LLC. MgmtCo is required to pay a premium of 3% per annum on the unpaid Equity Acquisition Amount until the unpaid amount is paid in full. “The premium received on SLA LLC’s receivables” refers to the amount of such premium accrued in the current period. MgmtCo is also entitled to make full or partial payment of the premium at any point in time, at its discretion, on the same terms and conditions as Equity Acquisition Amount.

Any distributable amounts from SLA LLC to MgmtCo are offset against the receivables at the time of the distribution notice and no distribution payments to MgmtCo are made until the SLA LLC’s receivables are paid in full.

4. Collateral and other credit protection for receivables

In order to secure the receivables of SLA LLC related to Equity Acquisition Amount and the premium thereon, all of the Equity interests in SLA LLC held by MgmtCo are pledged as collateral. In the event that MgmtCo pays into the receivables or offsets such receivables with distributions due to it from SLA LLC, the collateral is released to the extent that the cumulative amounts of payments and offsets exceed the balance of the receivables after deduction of such cumulative amounts. Masayoshi Son also provides a personal guarantee to the receivables up to the balance of the receivables. In addition, as of December 31, 2023, 2,168,500 shares of SoftBank Group Corp. are deposited in SLA LLC by Masayoshi Son. The deposited shares of SoftBank Group Corp. will be released only when the entire amount of receivables is settled. SLA LLC may acquire the deposited SoftBank Group Corp. shares without consideration where there are any unpaid receivables in SLA LLC after the enforcement of the collateral and personal guarantees by SLA LLC.

5. MgmtCo’s Equity interest in SLA LLC

The amount represents SLA LLC’s net assets attributable to MgmtCo (before deduction of receivables), which is included in “Third-party interests in SVF” in the condensed interim consolidated statement of financial position.

6. Management fee, performance-linked management fees, and performance fees to be charged to MgmtCo

The terms of the management fee, performance-linked management fees, and performance fee to be charged to MgmtCo are the same as those to be charged to the Company as an Equity investor in SLA LLC.

7. Net balance at period end

Net balance at period end is the balance of receivables held by SLA LLC less MgmtCo’s Equity interest in SLA LLC.